

EUREKA COUNTY, NV

2018-235725

Rec:\$35.00

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JONAH BANK OF WYOMING

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LISA HOEHNE, RECORDER

AMENDED AND RESTATED MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT,  
FINANCING STATEMENT AND FIXTURE FILING

FROM

GRANT CANYON OIL & GAS, LLC AND AVIARA OIL & GAS, LLC; JOINTLY  
AND SEVERALLY

TO

JONAH BANK OF WYOMING

DATED MARCH 9<sup>TH</sup>, 2018

**AMENDED AND RESTATED MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT,  
FINANCING STATEMENT AND FIXTURE FILING**

**FROM**

**GRANT CANYON OIL & GAS, LLC AND AVIARA OIL & GAS, LLC; JOINTLY AND  
SEVERALLY**

**TO**

**JONAH BANK OF WYOMING,**

**DATED MARCH 9<sup>th</sup>, 2018**

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THIS AMENDED AND RESTATED MORTGAGE CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS. THIS MORTGAGE COVERS "AS-EXTRACTED COLLATERAL." THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES.

THE OIL AND GAS INTERESTS INCLUDED IN THE MORTGAGED PROPERTY WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE PROPERTIES DESCRIBED IN EXHIBIT "A" ATTACHED HERETO, AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS PURSUANT TO APPLICABLE LAW.

THOSE PORTIONS OF THE COLLATERAL WHICH ARE MINERALS OR OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH (INCLUDING, WITHOUT LIMITATION, OIL AND GAS), AND THE ACCOUNTS RELATING THERETO, WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE PROPERTIES DESCRIBED IN, OR THE DESCRIPTION OF WHICH IS INCORPORATED IN, EXHIBIT "A".

SOME OF THE PERSONAL PROPERTY CONSTITUTING A PORTION OF THE COLLATERAL IS OR IS TO BE AFFIXED TO THE PROPERTIES DESCRIBED IN, OR THE DESCRIPTION OF WHICH IS INCORPORATED IN, EXHIBIT "A".

THE MORTGAGOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH IS DESCRIBED IN EXHIBIT "A" ATTACHED HERETO.

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

MORTGAGOR HEREBY AUTHORIZES SECURED PARTY TO FILE ONE OR MORE FINANCING STATEMENTS COVERING ALL PERSONAL PROPERTY OF MORTGAGOR RELATING IN ANY WAY TO ANY OR ALL OF MORTGAGOR'S OIL AND/OR GAS PROPERTIES.

WHEN RECORDED AND/OR FILED RETURN TO:

Jonah Bank of Wyoming  
Attn: Mike Williams  
Vice President  
205 Storey Blvd.  
Cheyenne, WY 82009

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**THIS AMENDED AND RESTATED MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING**, dated this 9<sup>th</sup> day of March, 2018, is from **GRANT CANYON OIL & GAS, LLC**, a Colorado limited liability company ("Borrower"), and **AVIARA OIL & GAS, LLC**, a Colorado limited liability company ("Aviara"), with both having a registered address at 717 Seventeenth Street, Suite 1400, Denver, CO 80202, to **JONAH BANK OF WYOMING**, a Wyoming corporation (herein referred to as "Jonah"), with an address of 205 Storey Blvd, Cheyenne WY 82009, or subsequent Holder (as defined below). Borrower and Aviara are herein collectively referred to as "Mortgagor".

**RECITALS AND DEFINITIONS**

1. As an amendment and restatement of that certain Credit Agreement dated January 14, 2010, as amended, and the accompanying mortgages described below, Jonah has agreed to loan sums to Borrower under a Promissory Note, Business Loan Agreement and related documents executed and delivered by Borrower to Jonah on March 9<sup>th</sup>, 2018, as a line of credit in the amount of \$5,500,000.00, with an initial interest rate thereon of 5.5% per annum as more particularly described in the Promissory Note, Business Loan Agreement and related documents (hereinafter referred to as the "Note"), and Jonah wishes to secure the payment of the Note, together with all other Indebtedness, as set forth herein:

a. Deed of Trust, Mortgage, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing dated as of January 14, 2010, from Grant Canyon Oil & Gas, LLC, as mortgagor, to First American Title Company of Nevada, as Trustee, and Bank of the West, as Beneficiary and Mortgagee, filed and recorded as follows:

**FILING OFFICE**

**NEVADA COUNTY**

Eureka County

Nye County

**FILING DATA**

Filed January 25, 2010,  
recorded under Doc. #0214523

Filed February 2, 2010,  
recorded under Doc. #740487

b. First Amendment to Deed of Trust, Mortgage, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing dated as of May 30, 2014, between Grant Canyon Oil & Gas, LLC, as mortgagor, and Bank of the West, as Beneficiary and Mortgagee, filed and recorded as follows:

**NEVADA COUNTY**

Eureka County

**FILING DATA**

Filed June 13, 2014,  
recorded under Doc. #0227538

c. Second Amendment to Deed of Trust, Mortgage, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing dated as of March 1, 2016, between Grant Canyon Oil & Gas, LLC, as mortgagor, and Bank of the West, as Beneficiary and Mortgagee, filed and recorded as follows:

**NEVADA COUNTY**

Eureka County

Nye County

**FILING DATA**

Filed April 4, 2016,  
recorded under Doc. #0231063

Filed April 5, 2016,  
recorded under Doc. #851588

- d. The following UCC-1 Financing Statements that name Grant Canyon Oil & Gas, LLC as Debtor and Bank of the West as Secured Party:

**FILING OFFICE**

**FILING DATA**

Colorado Secretary of State

Filed January 13, 2010  
File #2010F003981

Colorado Secretary of State

Filed March 31, 2017  
File #20172029994

As authorized in the mortgages listed above, Jonah notes that the indebtedness evidenced by the Note is both secured by this Amended and Restated Mortgage as well as the previously recorded Mortgage until and if such Mortgage is released at which point the collateral would continue to secure the Note under this Amended and Restated Mortgage. The previous Mortgage along with this amendment and restatement of those mortgages shall be read together as one document and interpreted in favor of Jonah in the event that there is any conflict between the different documents. Such Note may be amended, renewed or extended at any time or from time to time.

For the purpose of clarity the intent of this Amended and Restated Mortgage, Assignment of Production, Security Agreement, Finance Statement and Fixture Filing, among the other stated and described intents is to modify the existing Note and Mortgage. Mortgagor and Jonah desire that this Amended and Restated Mortgage, Assignment of Production, Security Agreement, Finance Statement and Fixture Filing and other related documents amend and restate in their entirety the terms and provisions of the prior credit agreement, to refinance the loans made pursuant to the prior credit agreement, to provide for the terms upon which Jonah will make additional advances to Borrower and by which such advances will be governed and repaid and to provide for the terms upon which Jonah will issue the line of credit and by which such line of credit will be governed and repaid. At the time of closing, the terms and provisions of this Amended and Restated Mortgage, Assignment of Production, Security Agreement, Finance Statement and Fixture Filing and other related documents shall supersede the terms and provisions of the prior credit agreement, the prior note and related documents provided that the security documents executed and delivered in connection with the prior credit agreement shall remain in full force and effect and continue to secure and collateralize the Note.

2. For all purposes of this instrument, unless the context otherwise requires:
- (a) “Holder” means, Jonah or any subsequent holder of the Note at that time.
  - (b) “Hydrocarbons” shall mean oil, natural gas, condensate, casinghead gas, coalbed methane and other solid, liquid or gaseous hydrocarbons, and all other associated or related substances and any by-products or other compounds or products derived therefrom.
  - (c) “Indebtedness” shall mean the Note.
  - (d) “Lands” shall include any lands which are either described in Exhibit “A” or the description of which is incorporated in Exhibit “A” by reference to another instrument or document and shall also include any lands now or hereafter unitized or pooled with lands which are either described in Exhibit “A” or the description of which is incorporated in Exhibit “A” by reference.
  - (e) “Leases” shall include any and all oil, gas and mineral leases covering any or all of the Lands, regardless as to whether or not the lease is described on Exhibit “A”
  - (f) “Mortgaged Property” shall mean the properties, rights and interests hereinafter described and defined as the Mortgaged Property.
  - (g) “Sale Contracts” shall mean any contracts now in effect or hereafter entered into by the Mortgagor, or the Mortgagor’s predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands,



including any and all operating, pooling, unitization, communitization, commodity hedge, swap, exchange, forward, futures, floor, collar or cap agreements.

- (h) "Wells" shall mean the Wells described on Exhibit "A", together with any and all other oil and/or gas wells now or hereafter located on any of the Lands.

### GRANT OF MORTGAGE

**NOW, THEREFORE**, the Mortgagor, for good and valuable consideration, including but not limited to the debts hereinafter mentioned, has granted, bargained, hypothecated, warranted, mortgaged, assigned, transferred and conveyed, and by these presents does grant, bargain, hypothecate, warrant, pledge, mortgage, sell, assign, transfer and convey unto Jonah, with POWER OF SALE, all of Mortgagor's present right, title and interest, together with any other interests hereafter acquired by Mortgagor, in any or all of the hereinafter described properties, rights and real property interests; and, insofar as such properties, rights and interests consist of inventory, general intangibles, payment intangibles, chattel paper, promissory notes, supporting obligations, accounts, contract rights, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code (as in effect in the appropriate jurisdiction with respect to each of said properties, rights and interests), the Mortgagor hereby grants to Jonah, for the use and benefit of the Holder, a security interest therein, namely:

- (a) (1) the Lands, (2) the Leases, (3) the Wells, (4) any and all Hydrocarbons in, on or attributable to any or all of the Lands or that may be severed or extracted therefrom after the date hereof, including without limitation "as-extracted collateral" (as defined in the applicable version of the Uniform Commercial Code), which shall include, without limitation, all of Mortgagor's interests in and to all royalties, overriding royalties or any and all payments out of production in and to the Hydrocarbons produced from the Wells, and (5) logs, maps, geological and geophysical data, seismic data, drilling reports, engineering data, formation tests, core samples, division orders, title reports and opinions, reserve reports, well files, lease files and other information, data and records, whether in paper, electronic or other form relating to the Mortgaged Properties;
- (b) All of the items incorporated as part of or attributed or affixed to any of the real property, in such a manner that such items are no longer personal property under the laws of the state where the property is situated;
- (c) All wells, platforms, derricks, casing, tubing, tanks, tank batteries, separators, dehydrators, compressors, rods, pumps, flow lines, water lines, gas lines, machinery, pipelines, power lines and other goods and equipment, and all of the personal property and fixtures, as defined under the laws of the state where the property is situated, now or hereafter owned by Mortgagor, whether attributable to or obtained or used in connection with any of the Interests or otherwise, including without limitation any and all such items which are used or purchased for the production, treatment, storage, transportation, manufacture or sale of Hydrocarbons and any and all such items described on Exhibit "A". Note that while the attached Exhibit "A" may describe certain working interests, NRI's, wells or other interests that are to the best of the Mortgagor's understanding accurate the intent of this document is to encumber any and all interests whatsoever within the leases, legal descriptions, wells and any other assets mentioned;
- (d) The Sale Contracts;
- (e) All of the severed and extracted Hydrocarbons owned by Mortgagor, whether produced from or attributed to any of the Lands, Leases, Wells or otherwise, together with all amounts that become payable to debtor with respect to any of the Mortgaged Property, whether now owned or hereafter acquired, and all of the proceeds thereof;
- (f) All of the rights, privileges, benefits, hereditaments and appurtenances in any way belonging, incidental or appertaining to any of the property described under Paragraphs (a) through (e) above; and

- (g) All of the proceeds and products of the property described under Paragraphs (a) through (f) above, including without limitation condemnation awards and the proceeds of any and all title insurance policies and other insurance policies covering all or any part of said property and, to the extent they may constitute proceeds, instruments, accounts, chattel paper, payment intangibles, promissory notes, supporting obligations, securities, general intangibles and contract rights.

together with any and all corrections or amendments to, or renewals, extensions or ratifications of, any of the same, or of any instrument relating thereto, and all contracts, permits, licenses, tenements, hereditaments and appurtenances now existing or in the future obtained in connection with any of the aforesaid, and all other things of value and incident thereto which the Mortgagor might at any time have or be entitled to, all the aforesaid properties, rights and interests, together with any additions thereto which may be subjected to the other lien of this instrument by means of supplements hereto (all of the foregoing property, rights and interests being hereinafter referred to as the "Mortgaged Property").

Subject, however, to the condition that Jonah shall not be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect to the Mortgaged Property.

TO HAVE AND TO HOLD the Mortgaged Property unto Jonah forever to secure the payment of the Indebtedness and to secure the performance of the obligations of the Mortgagor herein contained.

### COVENANTS OF MORTGAGOR

The Mortgagor, in consideration of the premises, hereby covenants and agrees with Jonah as follows:

#### ARTICLE I INDEBTEDNESS SECURED

1.1 Items of Indebtedness Secured. The following items of indebtedness are secured hereby:

- (a) The Note and all other obligations and liabilities related thereto, pursuant to the Loan Agreement or otherwise;
- (b) All other indebtedness, liabilities and obligations of Mortgagor to Jonah, of every kind and character, now existing or hereafter arising, whether direct or indirect, primary or secondary, joint, several or joint and several (including, without limitation, any and all obligations of Mortgagor to Jonah for fees, costs and expenses pursuant to or in connection with any loan agreements now or hereafter in force), it being contemplated that Mortgagor may hereafter become further indebted to Jonah;
- (c) Any sums advanced or expenses or costs incurred (including, without limitation, all attorney's fees and other legal, management and consulting expenses) by Jonah (or any receiver appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed;
- (d) Any promissory note evidencing additional loans which Jonah may make from time to time to the Mortgagor, Jonah not being obligated, however to make such additional loans;
- (e) All future advances from Jonah to Mortgagor or other future obligations of Mortgagor to Jonah under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Mortgage; and
- (f) Any extensions or renewals of all such indebtedness described in subparagraphs (a) through (e) above, whether or not the Mortgagor executes any extension agreement or renewal instruments.

- 1.2 Indebtedness Defined. All the above items of indebtedness are hereinafter collectively referred to as the "Indebtedness."

ARTICLE II  
PARTICULAR COVENANTS AND WARRANTIES

- 2.1 Payment of the Indebtedness. Borrower will duly and punctually pay the Indebtedness, including each and every obligation owing on account of the Note(s).
- 2.2 Warranties. The Mortgagor represents and warrants that the Leases are valid, subsisting leases, superior and paramount to all other leases respecting the properties to which they pertain; the Mortgagor has valid and indefeasible title to each property right or interest constituting the Mortgaged Property and has a good and legal right to grant and convey the same hereunder; the Mortgaged Property is free from all title defects, encumbrances or liens whatsoever, except (a) the lien hereof, (b) taxes constituting a lien but not due and payable, (c) defects or irregularities in title, and liens, charges or encumbrances which are not such as to interfere materially with the value of the Mortgaged Property and are not such as to affect materially title thereto, (d) those being contested by the Mortgagor in good faith in such manner as not to jeopardize Jonah's rights in and to the Mortgaged Property, and (e) those consented to in writing by the Jonah. The Mortgagor will warrant and forever defend the Mortgaged Property unto the Jonah against every person whomsoever lawfully claiming the same or any part thereof, and the Mortgagor will maintain and preserve the lien hereby created so long as any of the Indebtedness remains unpaid.
- 2.3 Further Assurances. The Mortgagor will execute and deliver such other and further instruments and will do such other and further acts as, in the opinion of the Jonah, may be necessary or desirable to carry out more effectually the purposes of this instrument, including, with limiting the generality of the foregoing, prompt correction of any defect which may hereafter be discovered in the title to the Mortgaged Property or in the execution and acknowledgment of this instrument, the Note, or any other document executed in connection herewith.
- 2.4 Payment of Taxes. The Mortgagor shall promptly pay or cause to be paid and in all events prior to delinquency all taxes, assessments and governmental charges now or hereafter assessed or imposed upon or with respect to, measured by or charged against the Mortgaged Property, the development, operation, production, sale and transmission of the Hydrocarbons, or this instrument and the Indebtedness, or assessed against or imposed upon the Mortgagor because of the Mortgagor's ownership of the Mortgaged Property, or any part thereof, or Jonah because of the interest of Jonah therein, all federal and state income taxes payable generally by the Mortgagor regardless of their relation to the Mortgaged Property, and all federal and state Social Security taxes, payments and contributions for which the Mortgagor may be liable; provided, however, that as to any of the above-described taxes, assessments and governmental charges that are being contested in good faith by appropriate proceedings, the same shall be paid promptly after the final determination of such contest, together with any interest and penalty payable in connection therewith.
- 2.5 Recording and Filing. The Mortgagee will, at the Mortgagor's expense, record, register, deposit and file this and every other instrument in addition or supplemental hereto in such offices and places at such times and as often as may be necessary to create, preserve, protect and renew the lien hereof as a first lien on real or personal property, as the case may be, and the rights and remedies of Jonah, and otherwise will do and observe all things or matters necessary or expedient to be done or observed by reason of any law or regulation of any State or of the United States of America or of any other competent authority, for the purpose of effectively creating, maintaining and preserving the lien hereof on the Mortgaged Property.
- 2.6 Sale or Mortgage of the Mortgaged Property. Except for sales of Hydrocarbons produced from the Leases in the ordinary course of the Mortgagor's business, the Mortgagor will not sell, convey, mortgage, pledge, or otherwise dispose of or encumber the Mortgaged Property nor any portion thereof, nor any of the Mortgagor's right, title or interest therein,



without first securing the written consent of Jonah, which consent shall not be unreasonably withheld, or will deliver the proceeds thereof to Jonah.

- 2.7 Records, Statements and Reports. The Mortgagor will keep proper books of record and account in which the complete and correct entries will be made of the Mortgagor's transactions in accordance with generally accepted accounting principles, and will furnish or cause to be furnished to Jonah upon its request all records and reports relating to, or prepared in connection with the operation of, the Mortgaged Property (including, without limitation, reports of the estimated income therefrom and expenses attributable thereto), and such other information concerning the business, affairs and financial condition of the Mortgagor as Jonah may from time to time reasonably request.
- 2.8 No Governmental Approvals. The Mortgagor warrants that no approval or consent of any regulatory or administrative commission or authority, or of any other governmental body, is necessary to authorize the execution and delivery of this instrument, the Note, or to authorize the observance or performance by the Mortgagor of the covenants herein, in the Note, or that such approvals as are required have been obtained or will be obtained promptly.
- 2.9 Right of Entry. The Mortgagor, if they shall have such rights, will permit Jonah, its employees and such other persons or entities as Jonah may in its discretion designate, reasonable access to the Mortgaged Property and to the field offices and other offices, including the principal place of business of the Mortgagor, to inspect and examine the Mortgaged Property and to inspect, review and reproduce as necessary any books, records, accounts, contracts or other documents of the Mortgagor.
- 2.10 Qualified Mortgagor. The Mortgagor will continue to be duly qualified to transact business in each state where the conduct of its business requires it to be qualified.
- 2.11 Preservation of Mortgaged Property. All of the Mortgaged Property will be preserved and kept in good repair and efficient operating condition, and Mortgagor will cause to be made promptly all repairs, renewals, replacements, additions and improvement which are need in connection with any part of the Mortgaged Property. Mortgagor will do or cause to be done all things that may reasonably be necessary in accordance with the most approved practices of prudent operators in the industry to maintain, and to protect from diminution, the productive capacity of each producing well now or hereafter included in the Mortgaged Property. All oil and gas leases and wells which (or interests in which) may be included among the Mortgaged Property will be continuously maintained, developed and operated in a good and workmanlike manner.
- 2.12 Insurance. Mortgagor will keep or cause to be kept such part of the Mortgaged Property which is of an insurable nature and of a character usually insured by persons operating similar properties insured with companies of recognized responsibility satisfactory to Jonah against loss or damage.

### ARTICLE III ASSIGNMENT OF PRODUCTION

- 3.1 Assignment. As further security for the payment of the Indebtedness, the Mortgagor hereby transfers, absolutely assigns, warrants and conveys to Jonah, effective as of March 9<sup>th</sup>, 2018 at 7:00 a.m., local time and/or an earlier time if specified in an earlier note, mortgage or related document, all of the severed and extracted Hydrocarbons produced from or attributed to any and all of the Mortgaged Property, together with all proceeds which are thereafter received from and which accrue to the Mortgaged Property. Mortgagor acknowledges and agrees that said assignment is intended to be an absolute and unconditional assignment and not merely a pledge of or creation of a security interest therein or an assignment as additional security. All parties having proceeds therefrom in their possession for which they or others are accountable to Jonah by virtue of the provisions of this Article are authorized and directed to treat and regard Jonah as the assignee and transferee of the Mortgagor and entitled in the Mortgagor's place and stead to receive such proceeds, and said parties and each of them shall be fully protected in so treating and regarding Jonah and shall be under no obligation to see to the application by Jonah of any such proceeds or payments received by it. **This Section 3.1 shall be effective as of March 9<sup>th</sup>, 2018. Jonah may choose to exercise its rights under this Article III**



**upon the occurrence of an Event of Default hereunder, or for any purpose, in its sole and absolute discretion.**

3.2 Application of Proceeds. All payments of proceeds received by Jonah pursuant to Section 3.1 hereof shall be placed in a cash collateral account at Jonah and on the first business day of each month applied as follows:

*First:* To the payment and satisfaction of all costs and expenses incurred in connection with the collection of such proceeds, and to the payment of all items of the Indebtedness not evidenced by the Note.

*Second:* To the payment of the interest of the Note accrued to the date of such payment.

*Third:* To the payment of the amounts of principal then due and owing on the Note.

*Fourth:* The balance, if any, to the Mortgagor.

3.3 No Liability of Jonah in Collecting. Jonah is hereby absolved from all liability for failure to enforce collection of any proceeds so assigned (and no such failure shall be deemed to be a waiver of any right of Jonah under this Article) and from all other responsibility in connection therewith, except the responsibility to account to the Mortgagor for funds actually received.

3.4 Assignment Not a Restriction on the Jonah's Rights. Nothing herein contained shall detract from or limit the absolute obligation of the Mortgagor to make payment of the Indebtedness regardless of whether the proceeds assigned by this Article are sufficient to pay the same, and the rights under this Article shall be in addition to all other security now or hereafter existing to secure the payment of the Indebtedness.

3.5 Status of Assignment. Notwithstanding the other provisions of this Article, Jonah or any receiver appointed in judicial proceedings for the enforcement of this instrument shall have the right to receive all proceeds from the Mortgaged Property after the occurrence of an Event of Default hereunder and expiration of any applicable grace or cure period, and to apply all of said proceeds as provided in Section 3.2 hereof. Upon any sale of the Mortgaged Property or any part thereof pursuant to Article V, the proceeds therefrom shall be included in such sale and shall pass to the purchaser free and clear of the assignment contained in this Article.

3.6 Indemnity. The Mortgagor agrees to indemnify Jonah, its successors and assigns, against all claims, actions, liabilities, judgments, costs, attorneys' fees or other charges of whatsoever kind or nature (all hereinafter in this Section 3.6 called "claims") made against or incurred by them or either of them as a consequence of the assertion, either before or after the payment in full of the Indebtedness, that they or either of them received proceeds hereunder claimed by third persons, and Jonah shall have the right to defend against any such claims, employing attorneys therefor, and unless furnished with reasonable indemnity, they or any of them shall have the right to pay or compromise and adjust all such claims. The Mortgagor will indemnify and pay to Jonah any and all such amounts as may be paid in respect thereof or as may be successfully adjudged against Jonah. The obligations of the Mortgagor as hereinabove set forth in this Section 3.6 shall survive the release of this instrument.

3.7 Continuation of Mortgagor's Concurrent Obligations. Nothing in this Mortgage shall be deemed or construed to create a delegation to or assumption by Jonah of the duties and obligations of the Mortgagor under any agreement or contract relating to the Mortgaged Property or any portion thereof, and all of the parties to any such contract shall continue to look to Mortgagor for performance of all covenants and other obligations and the satisfaction of all representations and warranties of Mortgagor thereunder, notwithstanding the assignment of production and proceeds herein made or the exercise by Jonah, prior to foreclosure, of any of its rights hereunder or under applicable law.

ARTICLE IV  
HAZARDOUS SUBSTANCES

- 4.1 Representations and Warranties. The Mortgagor hereby represents and warrants that neither the Mortgagor nor, to the best of the Mortgagor's knowledge, any other person or entity has ever caused or permitted any Hazardous Substances (as such term is hereinafter defined) to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof and that neither the Mortgaged Property nor any part thereof has ever been used (whether by the Mortgagor or by any other person or entity) as a treatment, storage or disposal facility or site (whether permanent or temporary) for any Hazardous Substances.
- 4.2 Indemnification. The Mortgagor hereby agrees to protect, defend, indemnify and hold Jonah, its officers, directors, agents, representatives, employees, parents, affiliates and subsidiaries (the "Indemnified Parties") harmless from and against any and all losses, liabilities (including strict or absolute liability), damages, injuries, expenses, and costs including, without limitation, court costs and reasonable attorneys' fees, of any suit, settlement or judgment and claims of any and every kind whatsoever paid (including any fees, expenses and court costs incurred to enforce this indemnity), incurred or suffered by, or asserted against the Indemnified Parties by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on, under or at, or the escape, seepage, leakage, spillage, emission, discharge or release from, the Mortgaged Property of any Hazardous Substance including, without limitation, any suit, settlement or judgment or claim asserted or arising under, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act, the Resource Conservation Recovery Act, the Federal Water Pollution Control Act, the Federal Environmental Pesticides Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, and any other applicable environmental protection, waste management, resource recovery, hazardous waste control or other related rule, regulation or statute of any state or local in which the Mortgaged Property is located, including any so-called federal, state or local "Superfund" or "Superlien" statute, or any other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including strict liability), or standards of conduct concerning any Hazardous Substance, as now or at any time by, on the behalf of, or within the control of the Mortgagor.
- 4.3 Definition of Hazardous Substances. For purposes of this Mortgage, the term "Hazardous Substances" shall mean and include those elements or compounds which exhibit any of the characteristics of a "hazardous" waste or are contained in the list of substances determined to the "hazardous," expressly including oil field wastes if exhibiting any such characteristics listed as hazardous or if not receiving an exemption or exclusion, as adopted by the United States Environmental Protection Agency ("EPA") and the list of toxic pollutants designated by Congress, or the EPA, or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability (including strict liability) or standards or conduct concerning any solid, hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter are in effect.
- 4.4 Notification. If the Mortgagor receives any notice or knowledge of (i) the occurrence of any event involving the use, spill, release, leak, seepage, discharge or cleanup of any Hazardous Substance, or (ii) any complaint, order, citation or other notice with regard to air emissions, water discharges, or any other environmental, health or safety matter affecting the Mortgagor or the Mortgaged Property (an "Environmental Complaint") from any person or entity (including, without limitation, the EPA), then the Mortgagor shall immediately notify Jonah orally and in writing of any such notice, and, if the Environmental Complaint is in writing, shall immediately deliver a copy of the Environmental Complaint to Jonah.
- 4.5 Jonah's Right to Act. In addition to all other rights granted to Jonah under any other agreements, Jonah shall have the right, but not the obligation, to enter onto the Mortgaged Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve, eliminate or minimize the impact of, or otherwise deal with, any such Hazardous Substance or Environmental Complaint following receipt of any notice from any person or entity (including, without limitation, the EPA) asserting the existence of any Hazardous Substance or an Environmental Complaint pertaining to the Mortgaged

Property or any part thereof which, if true, could result in an order, suit or other action against Jonah and/or which, in the sole opinion of Jonah, could have an adverse impact on the value of the Mortgaged Property or otherwise jeopardize Jonah's lien against the Mortgaged Property granted or created under this Mortgage.

- 4.6 Environmental Audit and Risk Assessment. Jonah shall have the right, but not the obligation, in its sole discretion, to require the Mortgagor to periodically perform (at the Mortgagor's sole cost and expense) an environmental audit and, if reasonably deemed necessary by Jonah, an environmental risk assessment of the Mortgaged Property, of the Mortgagor's solid, oilfield and hazardous waste management practices and/or the solid, oilfield or hazardous waste disposal sites used by the Mortgagor, each of which must be satisfactory to Jonah. Said audit and/or risk assessment must be performed and reported by an environmental consultant satisfactory to Jonah. Should the Mortgagor fail to perform any such reasonably requested environmental audit or risk assessment within thirty days of Jonah's written request to the Mortgagor for same, Jonah shall have the right, but not the obligation, to retain an environmental consultant to perform said environmental audit or risk assessment and to enter upon Mortgaged Property and perform such tests or sampling procedures as are deemed necessary by Jonah. Any funds of Jonah used for any purpose referred to in Section 4.5 or this Section 4.6, together with interest thereon as provided herein, shall constitute obligations included in the Indebtedness secured by this Mortgage. Such advances of funds by Jonah shall bear interest at the rate provided in the Note until repaid by the Mortgagor to Jonah.

#### ARTICLE V EVENTS OF DEFAULT

- 5.1 Events of Default Hereunder. In case any one or more of the following "Events of Default" shall occur and shall not have been remedied:
- (a) default in the payment of principal of or interest on the Note, or in the payment of any other Indebtedness secured hereby, when due;
  - (b) the occurrence of an event of default under the terms and provisions of the Note and/or the Loan Agreement, and the continuance of such event of default for the applicable period of grace; or
  - (c) the Mortgagor shall fail to maintain the lien and priority of this instrument as against any other person or entity as required by the Note,

then and in any such event Jonah, at its option, may declare the entire unpaid principal of and the interest accrued on the Note and all other Indebtedness secured hereby to be forthwith due and payable, without any notice or demand of any kind, both of which are hereby expressly waived. At this point in time, any liens, encumbrances and security interests evidence or created hereby shall be subject to foreclosure in any manner provided for herein or provided for by law.

#### ARTICLE VI TERMINATION

- 6.1 If all of the Obligations of the Mortgagor shall be paid or performed in full pursuant to the terms and conditions of this Mortgage and the instruments evidencing the Obligations and if Jonah has no further obligation to make advances to Mortgagor, then Jonah shall, promptly after the request of Mortgagor, execute, acknowledge and deliver to Mortgagor proper instruments evidencing the termination of this Mortgage. Mortgagor shall pay all reasonable legal fees and other expenses incurred by Jonah for preparing and reviewing such instruments of termination and the execution and delivery thereof, and Jonah may require payment of the same prior to delivery of such instruments. Otherwise, this Mortgage shall remain and continue in full force and effect.

#### ARTICLE VII ENFORCEMENT OF THE SECURITY



- 7.1 Power of Sale of Real Property Constituting a Part of the Mortgaged Property. Upon the occurrence of an Event of Default and if such event shall be continuing, Jonah shall have the right and power to sell, to the extent permitted by law, at one or more sales, as an entirety or in parcels, as they may elect, the real property constituting a part of the Mortgaged Property, at such place or places and otherwise in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Jonah may deem appropriate, and to make conveyance to the purchaser or purchasers; and the Mortgagor shall warrant title to such real property to such purchaser or purchasers. Jonah may postpone the sale of all or any portion of such real property by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement. The right of sale hereunder shall not be exhausted by one or any sale, and Jonah may make other and successive sales until all of the Mortgaged Property be legally sold.
- 7.2 Rights of Jonah with Respect to Personal Property Constituting a Part of the Mortgaged Property. Upon the occurrence of an Event of Default and if such event shall be continuing, Jonah will have all rights and remedies granted by law, and particularly by the Uniform Commercial Code, including, but not limited to, the right to take possession of all personal property constituting a part of the Mortgaged Property, and for this purpose Jonah may enter upon any premises on which any or all of such personal property is situated and take possession of and operate such personal property (or any portion thereof) or remove it therefrom. Jonah may require the Mortgagor to assemble such personal property and make it available to Jonah at a place to be designated by Jonah which is reasonably convenient to all parties. Unless such personal property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Jonah will give the Mortgagor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of such personal property is to be made. This requirement of sending reasonable notice will be met if the notice is mailed first-class mail, postage prepaid, to the Mortgagor at the address shown below the signatures at the end of this instrument or to such different address as the Mortgagor shall have designated by written notice received by Jonah at least five days before the time of the sale or disposition.
- 7.3 Rights of Jonah with Respect to Fixtures Constituting a Part of the Mortgaged Property. Upon the occurrence of an Event of Default and if such event shall be continuing, Jonah may elect to treat the fixtures constituting a part of the Mortgaged Property as either real property collateral or personal property collateral and proceed to exercise such rights as apply to such type of collateral.
- 7.4 Judicial Proceedings. Upon occurrence of an Event of Default and if such event shall be continuing, Jonah, in lieu of or in addition to exercising any power of sale hereinabove given, may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Mortgaged Property, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy.
- 7.5 Possession of the Mortgaged Property. It shall not be necessary for Jonah to have physically present or constructively in their possession at any sale held by Jonah or by any court, receiver or public officer any or all of the Mortgaged Property; and the Mortgagor shall deliver to the purchaser at such sale on the date of sale the Mortgaged Property purchased by such purchasers at such sale, and if it should be impossible or impracticable for any of such purchasers to take actual delivery of the Mortgaged Property, then the title and right of possession to the Mortgaged Property shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered.
- 7.6 Certain Aspects of a Sale. Jonah shall have the right to become the purchaser at any sale held by Jonah or by any court, receiver or public officer, and Jonah shall have the right to credit upon the amount of the bid made therefor the amount payable out of the net proceeds of such sale to it. Recitals contained in any conveyance made to any purchaser at any sale made hereunder shall conclusively establish the accuracy of the matters therein stated,



including, without limiting the generality of the foregoing, non-payment of the Indebtedness, or any part thereof, after the same has become due and payable, or advertisement and conduct of such sale in the manner provided herein.

7.7 Receipt to Purchaser. Upon any sale, whether made under the power of the sale herein granted and conferred or by virtue of judicial proceedings, the receipt of Jonah, or of the officer making sale under judicial proceedings, shall be sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, or his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of Jonah or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or non-application thereof.

7.8 Effect of Sale. Any sale or sales of the Mortgaged Property, whether under the power of sale herein granted or conferred or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity, of the Mortgagor of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against the Mortgagor, and the Mortgagor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under the Mortgagor or the Mortgagor's successors or assigns. Nevertheless, the Mortgagor, if requested by Jonah so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold.

7.9 Application of Proceeds. The proceeds of any sale of the Mortgaged Property, or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall be applied as follows:

*First:* To the payment and satisfaction of all costs and expenses incurred by Jonah in the performance of its duties including, without limiting the generality of the foregoing, a commission to Jonah not to exceed five percent of the proceeds of any sale of the Mortgaged Property and costs and expenses of any entry, or taking of possession, of any sale or advertisement thereof, and of conveyances, and as well, court costs, compensation of agents and employees and legal fees.

*Second:* To the payment of the interest on the Note and the other items of Indebtedness accrued to the date of such payment.

*Third:* To the payment of the amounts of principal of the Note and of the other items of Indebtedness due and owing at the time of such payment.

*Fourth:* Any surplus thereafter remaining shall be paid to the Mortgagor or the Mortgagor's successors or assigns, as their interests shall appear.

7.10 Liability for Deficiency. The Mortgagor will remain liable for any deficiency owing to Jonah after application of the proceeds of any sale of the Mortgaged Property as set forth in Section 7.9 hereof.

7.11 The Mortgagor's Waiver of Appraisalment, Marshalling, and Other Rights. The Mortgagor agrees, to the full extent that the Mortgagor may lawfully so agree, that the Mortgagor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisalment, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this instrument or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but the Mortgagor, for the Mortgagor and all who may claim through or under the Mortgagor, so far as the Mortgagor or those claiming through or under the Mortgagor now or hereafter lawfully may, hereby waives the benefit of all such laws. The Mortgagor, for the Mortgagor and all who may claim through or under the Mortgagor, waives, to the extent that the Mortgagor may lawfully do so, any and all right to have the Mortgaged Property marshaled upon any foreclosure of the lien hereof, or sold in inverse order of alienation, and agrees that Jonah or any court having jurisdiction to foreclosure such lien may sell the Mortgaged Property as an entirety or in separate parts. If any law in this paragraph referred to and now in force, of which the Mortgagor or the Mortgagor's

successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions of this paragraph.

- 7.12 Costs and expenses. All costs and expenses (including attorney's fees and other legal, management and consulting expenses) incurred by Jonah in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by the Mortgagor to the party incurring such costs and expenses and shall draw interest at an annual rate equal to the highest rate of interest from time to time accruing under the Note until paid, all of which shall constitute a portion of the Indebtedness.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

- 8.1 Right to Perform the Mortgagor's Obligations. Each and every covenant herein contained shall be performed and kept by the Mortgagor solely at the Mortgagor's expense. If the Mortgagor shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in this instrument, Jonah or any receiver appointed hereunder, may, but shall not be obligated to, take action and/or make advances to perform the same in the Mortgagor's behalf, and the Mortgagor hereby agrees to repay the expense of such action including, but not limited to, reasonable attorneys' and management fees and such advances on demand plus interest at an annual rate equal to the highest rate of interest from time to time accruing on the Note until paid, or, in the event any promissory note evidences such indebtedness, upon the terms and conditions thereof. No such advance or action by Jonah, Jonah or any receiver appointed hereunder shall be deemed to relieve the Mortgagor from any default hereunder.
- 8.2 Defense of Claims. The Mortgagor will notify Jonah, in writing, promptly of the commencement of any legal proceedings affecting the lien hereby or the Mortgaged Property, or any part thereof, and will take such action, employing attorneys agreeable to Jonah, as may be necessary to preserve the Mortgagor's, Jonah's rights affected thereby; and should the Mortgagor fail or refuse to take any such action, Jonah may, in its discretion, upon giving written notice thereof to the Mortgagor, take such action in behalf and in the name of the Mortgagor and at the Mortgagor's expense. Moreover, Jonah may take such independent action in connection therewith as it may in its discretion deem proper, the Mortgagor hereby agreeing that all sums advanced or all expenses incurred in such actions including reasonable attorneys' fees plus interest at an annual rate equal to the highest rate of interest from time to time accruing under the Note, will, on demand, be reimbursed, as appropriate, to Jonah or any receiver appointed hereunder.
- 8.3 The Mortgaged Property to Revert. If the Indebtedness shall be fully paid and the covenants herein contained shall be well and truly performed, then all of the Mortgaged Property shall revert to the Mortgagor and the entire estate, right, title and interest of Jonah shall thereupon cease; and Jonah in such case shall, upon the request of the Mortgagor and at the Mortgagor's cost and expense, deliver to the Mortgagor proper instruments acknowledging satisfaction of this instrument.
- 8.4 Renewals, Amendments and Other Security. Renewals and extensions of the Indebtedness may be given at any time and amendments may be made to agreements relating to any part of such Indebtedness or the Mortgaged Property and Jonah may take or may now hold other security for the Indebtedness, all without notice to or consent of the Mortgagor. Jonah may resort first to such other security or any part thereof or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action shall not be a waiver of any rights conferred by this instrument, which shall continue as a first lien upon the Mortgaged Property not expressly released until the Note and all other Indebtedness secured hereby are fully paid.
- 8.5 Construction of Instrument as an Assignment. This instrument shall be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage, or security agreement, and from time to

time as any one or more thereof. A carbon, photographic or other reproduction of this Mortgage or any financing statement in connection herewith shall be sufficient as a financing statement for any and all purposes.

- 8.6 Limitation on Interest. No provision of this instrument, or of the Note shall require the payment or permit the collection of interest in excess of the maximum permitted by law or which is otherwise contrary to law. If any excess of interest in such respect is herein or in the Note provided for, or shall be adjudicated to be so provided for herein, the Mortgagor shall not be obligated to pay such excess.
- 8.7 Unenforceable or Inapplicable Provisions. If any provision hereof, or of the Note, is invalid or unenforceable in any jurisdiction, the other provisions hereof, or of the Note, shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of Jonah in order to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. In lieu of such invalid or unenforceable provision, there shall be added automatically as a part of this Mortgage a provision as similar to the invalid or unenforceable provision as may be possible and be legal, valid and enforceable. Any reference herein contained to a statute or law of a state in which no part of the Mortgaged Property is situated shall be deemed inapplicable to, and not used in, the interpretation hereof.
- 8.8 Rights Cumulative. Each and every right, power and remedy herein given to Jonah shall be cumulative and not exclusive; and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Jonah, as the case may be, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by Jonah in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.
- 8.9 Indemnification. The Mortgagor shall indemnify Jonah and hold it harmless against, and Jonah shall not be liable for, any loss, cost or damage, including, without limitation, attorneys' fees, resulting from exercise by Jonah of any right, remedy, power, or privilege conferred upon it by this instrument or any other instrument pertaining hereto, or from the attempt or failure of Jonah to exercise any such right, remedy, power or privilege; and notwithstanding any provision hereof to the contrary the foregoing indemnity shall in all respects continue and remain in full force and effect even though all Indebtedness may be fully paid and the lien of this instrument released.
- 8.10 Partial Releases. No release from the lien of this instrument of any part of the Mortgaged Property by Jonah shall in anywise alter, vary or diminish the force, effect or lien of this instrument against the balance or remainder of the Mortgaged Property.
- 8.11 Waiver by Jonah. Any and all covenants in this instrument may from time to time be waived by a written instrument signed by Jonah to such extent and in such manner as Jonah may desire, but no such waiver shall ever affect or impair Jonah's rights or liens hereunder, except to the extent specifically stated in such written instrument.
- 8.12 Successors and Assigns. This instrument is binding upon the Mortgagor and the Mortgagor's successors and assigns, and shall inure to the benefit of Jonah, its successors and assigns, and the provisions hereof shall likewise be covenants running with the land.
- 8.13 Article and Section Headings. The Article and section headings and any references to gender and singular or plural parties in this instrument are inserted for convenience of reference and shall not be considered a part of this instrument or used in its interpretation.
- 8.14 Execution in Counterparts. This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall be identical, except that, to facilitate recordation or filing, in any particular counterpart portions of Exhibit "A" attached hereto which describe properties situated in



counties other than the county in which such counterpart is to be recorded may have been omitted.

- 8.15 Special Filing as Financing Statement. This Mortgage shall likewise be a Security Agreement and a Financing Statement. This Mortgage shall be filed for record, among other places, in real estate records of each county in which the Mortgaged Property, or any part thereof, is situated, and, when filed in such counties shall be effective as a financing statement covering fixtures located thereon (and accounts arising therefrom). This instrument shall also be filed for record in conjunction with the applicable UCC forms as a financing statement in the office of the Secretary of State in each State in which the Mortgaged Property, or any part thereof, is situated. In addition, the Mortgagor shall execute and deliver to Jonah, upon Jonah's request, any financing statements or amendments thereof or continuation statements thereto that Jonah may require to perfect a security interest in such property.
- 8.16 Notices. Any notice, request, demand or other instrument which may be required or permitted to be given or served upon the Mortgagor shall be sufficiently given when mailed by first-class mail, addressed to the Mortgagor at the address shown below the signatures at the end of this instrument or to such different address as the Mortgagor shall have designated by written notice received by Jonah.
- 8.17 Choice of Laws. Insofar as permitted by otherwise applicable law, this Mortgage and the Obligations shall be construed under and governed by the laws of the State of Wyoming (excluding choice of law and conflict of law rules); provided, however, that, with respect to any portion of the Mortgaged Property located outside of the State of Wyoming, the laws of the place in which such property is located shall apply to the extent necessary to permit Jonah to enforce or realize upon its rights and remedies hereunder with respect to such property, and any such enforcement or realization proceedings shall be conducted in compliance with the applicable laws of the state where the Collateral is located.
- 8.18 Jonah shall be entitled to enforce payment of any indebtedness and performance of any other of the Obligations secured hereby and to exercise all rights and powers under this Mortgage or under any other instrument or other agreement or any laws now or hereafter in force, notwithstanding the fact that some or all of said indebtedness and other Obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained shall prejudice or in any manner affect Jonah's right to realize upon or enforce any other security now or hereafter held by it being agreed that Jonah shall be entitled to enforce this Mortgage and any other security now or hereafter held by Jonah in such order and manner as it may in its absolute discretion determine.
- 8.19 Joint and Several. Each individual listed Mortgagor shall be liable for, on a joint and several basis, and hereby guarantees the timely payment of, all obligations of Mortgagor hereunder, regardless of which Mortgagor actually may have received the proceeds of any indebtedness, loans or other extensions of credit secured hereby, it being acknowledged and agreed that Jonah is relying on the joint and several liability of Mortgagor for the performance of all obligations of Mortgagor hereunder. Each Mortgagor hereby unconditionally and irrevocably agrees that upon default of any obligation described herein including payments of any principal or interest owed on, any of the Indebtedness, loans or other obligations, such Mortgagor shall forthwith perform or cause to be performed any and all obligations of Mortgagor hereunder, without notice or demand.

[SIGNATURES ON FOLLOWING PAGE]




COPY

**IN WITNESS WHEREOF**, the Mortgagor has executed this Amended and Restated Mortgage, Assignment of Production, Security Agreement, Financing Statement and Fixture Filing as of the date, month and year first above written.

MORTGAGOR:

GRANT CANYON OIL & GAS, LLC a Colorado limited liability company

By: O'Neal Resources Corporation, its Manager

By:   
Michael D. O'Neal, President

AVIARA OIL & GAS, LLC, a Colorado limited liability company

By:   
Name: Michael D. O'Neal, President

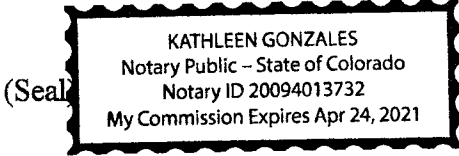
**ACKNOWLEDGMENT**

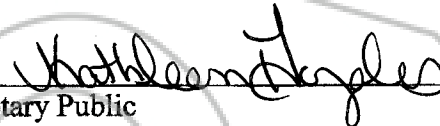
STATE OF COLORADO )  
 ) SS.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me on this 9th day of March, 2018, by Michael D. O’Neal, as President of O’Neal Resources Corporation, the authorized Manager of GRANT CANYON OIL & GAS, LLC, a Colorado limited liability company, on behalf of said limited liability company.

The foregoing instrument was acknowledged before me on this 9th day of March, 2018, by Michael D. O’Neal, as President of AVIARA OIL & GAS, LLC, a Colorado limited liability company, on behalf of said limited liability company.

Witness my hand and official seal.



  
Notary Public

My commission expires: 4/24/2021

**EXHIBIT "A"**

**THE LAND; WELL NAMES, WORKING INTERESTS AND NET REVENUE INTERESTS;  
LEASE SCHEDULE; CONTRACTS AND AGREEMENTS**

**EUREKA COUNTY, NEVADA**

**Blackburn Unit.**

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 = 60.000%; NRI = 49.885%

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 = 66.667%; NRI = 53.984%

Devonian Formation Production: Blackburn Unit #3, #10, #14, #16, #18, #19, #21 #12SWD:  
Unit WI = 65.000%; Unit NRI = 52.8353%

Chainman and Indian Wells Formation Production:  
Blackburn #3, #10, #14, #16:1 WI=65.555%; NRI=53.3366%  
Blackburn #22-8: WI = 0% BPO; 32.7775% APO; NRI = 0% BPO; 26.66777% APO

Debtor's Interest in the above-described property is subject to the following:

1. Unit Agreement for the Development and Operation of the Blackburn Area dated May 30, 1980.
2. Unit Operating Agreement dated May 30, 1980
3. Contraction of Blackburn Unit effective November 12, 1987
4. Crude Oil Purchase/Sales Contract dated February 1, 2018
5. Participation Agreement between Grant Canyon Oil & Gas, LLC, Resource Legacy Investments, Genesee Energy Company and Ross Marketing and sales dated December 1, 2015.



**Wells**

**In the interest of clarity and due to some differences in well naming conventions, both parties agree that the following wells are encumbered and part of this mortgage.**

Blackburn 10-8

Blackburn 14-7

Blackburn 14-7

Blackburn 18-7

Blackburn 19-8

Grant Canyon 10-21

Federal 5-14A Blackburn 16-7

Grant Canyon 7

Blackburn 23-8

