

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) 205-344-5000
B. E-MAIL CONTACT AT FILER (optional) Foster C. Arnold
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <div style="border: 1px solid black; padding: 5px; width: fit-content;"> Foster C. Arnold Rosen Harwood PA P.O. Box 2727 Tuscaloosa, AL 35403-2727 </div>



20140716000217840 1/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 20130624000257700	1b. <input checked="" type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: <u>attach</u> Amendment Addendum (Form UCC3Ad) <u>and</u> provide Debtor's name in item 13
---	--

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
 Check one of these two boxes: Debtor or Secured Party of record
 AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
 ADD name: Complete item 7a or 7b, and item 7c
 DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME Saga Resource Partners, LLC			
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S SURNAME		
	INDIVIDUAL'S FIRST PERSONAL NAME		
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX		

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
---------------------	------	-------	-------------	---------

8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 Indicate collateral:

All rights, title and interests of Debtor in, under and to the collateral defined in and more fully described by that certain Amended and Restated Second Lien Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production attached hereto as Exhibit "A" and incorporated herein for all purposes.

This Instrument is being filed simultaneously with and being used as additional security for Mortgage recorded at 20140716000217830. The Maximum Indebtedness is \$10,000,000.

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME Société Générale as Administrative Agent			
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**
File with Shelby County Judge of Probate

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form

20130624000257700

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form

12a. ORGANIZATION'S NAME

Société Générale as Administrative Agent

OR
12b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX



Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see Instruction item 13): Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see Instructions if name does not fit

13a. ORGANIZATION'S NAME

Saga Resource Partners, LLC

OR
13b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral):

15. This FINANCING STATEMENT AMENDMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

16. Name and address of a RECORD OWNER of real estate described in item 17
(if Debtor does not have a record interest):

**Saga Resource Partners, LLC
600 17th Street, Suite 1700N
Denver, CO 80202**

17. Description of real estate:

See Exhibit "A" attached hereto and incorporated herein for all purposes.

18. MISCELLANEOUS:

EXHIBIT A

57.5771% Collateral Value in Tuscaloosa County
3.6688% Collateral Value in Walker County
20.427% Collateral Value in Jefferson County
18.2673% Collateral Value in Shelby County
0.0598% Collateral Value in Bibb County

Source of Title (Tuscaloosa County): Deed Book 2011 at Page 10139
 Deed Book 2011 at Page 10260
 Deed Book 2013 at Page 10176

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

THIS MORTGAGE CONTAINS AFTER-ACQUIRED PROPERTY AND FUTURE ADVANCE PROVISIONS. THIS MORTGAGE COVERS THE INTEREST OF MORTGAGOR IN MINERALS OR THE LIKE (INCLUDING OIL AND GAS) BEFORE EXTRACTION, AND THE SECURITY INTEREST CREATED BY THIS MORTGAGE ATTACHES TO SUCH MINERALS AS EXTRACTED AND TO THE ACCOUNTS RESULTING FROM THE SALE THEREOF AT THE WELLHEAD OR WELLHEADS OF THE WELL OR WELLS LOCATED ON THE REAL PROPERTY HEREIN DESCRIBED. THIS MORTGAGE COVERS THE INTEREST OF MORTGAGOR IN FIXTURES AND "AS-EXTRACTED COLLATERAL". THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS. PRODUCTS OF THE COLLATERAL ARE ALSO COVERED.

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

FOR RECORDING PRIVILEGE TAX PURPOSES, THE MAXIMUM AGGREGATE PRINCIPAL INDEBTEDNESS SECURED BY THIS INSTRUMENT IS \$10,000,000.00. THEREFORE, MORTGAGE TAX IN THE AMOUNT OF \$8,636.70 IS DUE UPON THE RECORDING OF THIS INSTRUMENT IN TUSCALOOSA COUNTY, MORTGAGE TAX IN THE AMOUNT OF \$550.35 IS DUE UPON THE RECORDING OF THIS INSTRUMENT IN WALKER COUNTY, MORTGAGE TAX IN THE AMOUNT OF \$3,064.05 IS DUE UPON THE RECORDING OF THIS INSTRUMENT IN JEFFERSON COUNTY, MORTGAGE TAX IN THE AMOUNT OF \$2,740.20 IS DUE UPON THE RECORDING OF THIS INSTRUMENT IN SHELBY COUNTY AND MORTGAGE TAX IN THE AMOUNT OF \$9.00 IS DUE UPON THE RECORDING OF THIS INSTRUMENT IN BIBB COUNTY, ALL SUCH MORTGAGE TAX BEING COLLECTED BY TUSCALOOSA COUNTY JUDGE OF PROBATE, AS THE COUNTY OF FIRST RECORDING.

FROM



20140716000217840 3/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

SAGA RESOURCE PARTNERS LLC
(Mortgagor, Debtor and Grantor)

TO

IN THE CASE OF NON-FEDERAL COLLATERAL,
SOCIÉTÉ GÉNÉRALE, AS ADMINISTRATIVE AGENT

AND, IN THE CASE OF FEDERAL COLLATERAL,
SOCIÉTÉ GÉNÉRALE FINANCIAL CORPORATION, AS COLLATERAL AGENT FOR
THE ADMINISTRATIVE AGENT
(collectively, Mortgagee, Secured Party and Grantee)

July 14, 2014


For purposes of filing this Mortgage as a financing statement, the Mortgagor's mailing address is 600 17th Street, Suite 1700N, Denver, Colorado 80202, Attention: J. Charles Farmer, Brent J. Morse, the state of its organization is Delaware, and its organizational number is 4886850; the Mortgagee's mailing address is 1111 Bagby Street, Suite 2020, Houston, Texas 77002, Attention: David M. Bornstein, Facsimile: 713-650-0824.

This instrument, prepared by Trevor Wommack, Bracewell & Giuliani LLP, 711 Louisiana, South Tower Pennzoil Place, Suite 2300, Houston, Texas 77002, (713) 221-1444, contains after-acquired property provisions and covers future advances and proceeds to the fullest extent allowed by applicable law.

ATTENTION RECORDING OFFICER: This Mortgage is a mortgage of both real and personal property and is, among other things, a security agreement and financing statement under the Uniform Commercial Code in effect in the State of Alabama. This Mortgage creates a lien on rights in or relating to lands of Mortgagor which are described in Exhibit A hereto or in documents described in such Exhibit A.

RECORDED DOCUMENT SHOULD BE RETURNED TO:

BRACEWELL & GIULIANI LLP
711 Louisiana, South Tower Pennzoil Place, Suite 2300
Houston, Texas 77002
Attn: Trevor Wommack


20140716000217840 4/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

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

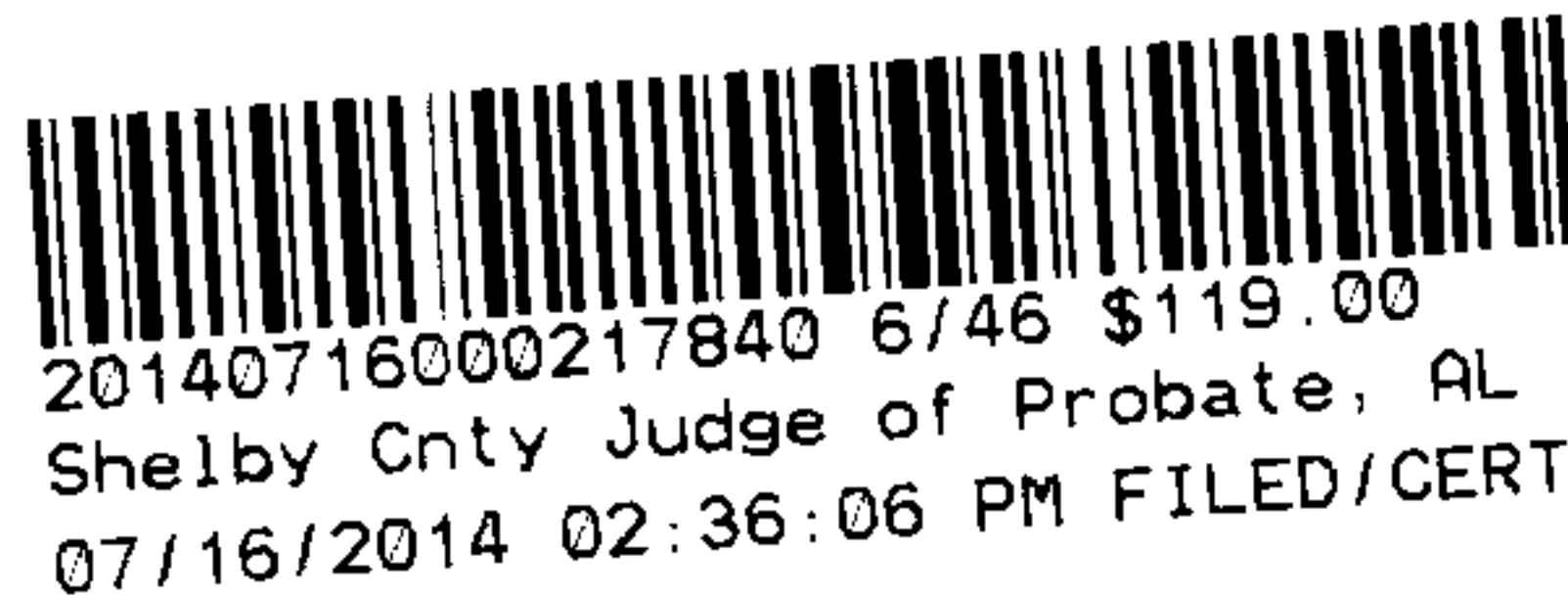
THIS AMENDED AND RESTATED SECOND LIEN MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT, FIXTURE FILING, AND ASSIGNMENT OF PRODUCTION (the "Mortgage") dated effective as of the 14th day of July, 2014, is executed and delivered by SAGA RESOURCE PARTNERS LLC, a Delaware limited liability company ("Mortgagor"), to, in the case of Non-Federal Collateral, SOCIÉTÉ GÉNÉRALE, in its capacity as the administrative agent under the Credit Agreement (as hereinafter defined) (the "Non-Federal Collateral Mortgagee") and in the case of Federal Collateral, SOCIÉTÉ GÉNÉRALE FINANCIAL CORPORATION, in its capacity as collateral agent for the Administrative Agent (the "Federal Collateral Mortgagee" and, together with the Non-Federal Collateral Mortgagee, the "Mortgage") for the benefit of and on behalf of the Credit Parties (as hereinafter defined). The addresses of Mortgagor and Mortgagee appear in Section 7.12 of this Mortgage.

RECITALS

A. This Mortgage is executed in connection with, and pursuant to the terms of, the Second Lien Credit Agreement dated as of July 15, 2011 among the Mortgagor, as borrower, the lenders party thereto from time to time (the "Lenders"), and Mortgagee, as administrative agent for the Lenders (the "Administrative Agent" and, together with the Mortgagee, the Lenders and the other holders of Obligations, collectively referred to herein as the "Credit Parties"), as amended by the Amendment No. 1 and Consent dated as of December 20, 2012, the Amendment No. 2 and Consent dated as of June 14, 2013 and the Amendment No. 3 and Consent to Credit Agreement (the "Amendment No. 3") dated as of July 14, 2014 (as so amended and as may be otherwise renewed, extended, amended, supplemented and/or restated from time-to-time, the "Credit Agreement").

B. In order to secure the Borrower's obligations under the First Lien Credit Agreement (as defined in the Credit Agreement), Mortgagor has entered into that certain Mortgage, Security Agreement, Financing Statement, Fixture Filing and Assignment of Production dated as of the date hereof (as the same may be amended, restated supplemented or otherwise modified from time to time, the "First Lien Mortgage"), by the Mortgagor to, in the case of Non-Federal Collateral, Société Générale, in its capacity as the administrative agent under the First Lien Credit Agreement, and in the case of Federal Collateral, Société Générale Financial Corporation, in its capacity as collateral agent for the administrative agent (collectively, the "First Lien Mortgagee").

C. In order to set forth the respective rights and remedies of the First Lien Mortgagee and the Mortgagee with respect to the Collateral (as defined herein), Société Générale, in its capacity as agent for the First Lien Mortgagee and the other holders of obligations under the First Lien Credit Agreement, the Administrative Agent, the Borrower, and certain other persons party or that may become party thereto from time to time, have entered into that certain Intercreditor Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement").



E. In order to secure the full and punctual payment and performance of the obligations under the Credit Agreement, Mortgagor has previously executed and delivered the mortgage and the supplements, amendments, and assignments thereto as described in Schedule 1 attached hereto (the "Existing Mortgage") and has granted a mortgage lien and continuing security interest in and to the Collateral (as defined in the Existing Mortgage).

F. The Mortgagor, the Lenders and the Administrative Agent have agreed to amend the Second Lien Credit Agreement by executing and delivering the Amendment No. 3.

G. It is a requirement under the Credit Agreement that the Mortgagor execute and deliver this Mortgage.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor (a) wishes to amend the Existing Mortgage in certain respects and restate the entire Existing Mortgage as a restatement of the original grant of the Existing Mortgage as of the Effective Date and not as a novation or a new grant of mortgage, as provided herein (notwithstanding the foregoing, in the event any Liens or security interests granted by the Existing Mortgage have been terminated, lapsed or otherwise invalidated, then this Mortgage shall be a new grant of mortgage according to the terms and provisions provided herein) and (b) hereby agrees as follows:

ARTICLE I Definitions

The following terms shall have the meanings indicated below; all other capitalized terms which are used in this Mortgage and which are not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1.1 "Collateral" means the Realty Collateral, Personalty Collateral and Fixture Collateral.

1.2 "Contracts" means all contracts, agreements, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the purchase, exchange, transportation, processing or sale of Hydrocarbons, rights-of-way, easements, surface leases, equipment leases, permits, franchises, licenses, pooling or unitization agreements, and unit or pooling designations and orders now or hereafter affecting any of the Oil and Gas Properties, Operating Equipment, Fixture Operating Equipment, or Hydrocarbons now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, transporting or marketing oil, gas or other minerals produced from any of the Oil and Gas Properties, and all as such contracts and agreements as they may be amended, restated, modified, substituted or supplemented from time-to-time.

1.3 "Excluded Structures" means any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) located in a Special Flood Hazard Area (as defined in the applicable Flood Insurance Regulation). As used herein, "Flood Insurance Regulations" shall mean (i) the

National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (iv) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

1.4 "Event of Default" shall have the meaning set forth in Article V hereof.

1.5 "Federal Collateral" means Collateral that, pursuant to the Mineral Leasing Act of 1920, 30 U.S.C. § § 181, et seq. and the regulations promulgated thereunder, or any other applicable law, may only be acquired or held by citizens of the United States, associations of such citizens, any corporation organized under the laws of the United States or of any state or territory thereof, or municipalities.

1.6 "Fixture Collateral" means all of Mortgagor's right, title and interest, whether now owned or hereafter acquired in and to all Fixture Operating Equipment and all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions thereof, thereto or therefor. For purposes of this Mortgage, the Fixture Collateral shall not include the Excluded Structures.

1.7 "Fixture Operating Equipment" means any of the items described in the first sentence of the definition of "Operating Equipment" set forth below and which as a result of being incorporated into realty or structures or improvements located therein or thereon, with the intent that they remain there permanently, constitute fixtures under the laws of the state in which such equipment is located.

1.8 "Hydrocarbons" means oil, gas, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom, and shall include "as extracted" collateral as defined in the applicable Uniform Commercial Code.

1.9 "Non-Federal Collateral" means any Collateral that is not Federal Collateral.

1.10 "Notes" means the "Notes" as that term is defined in the Credit Agreement.

1.11 "Obligations" means:

(a) The "Obligations", as that term is defined in the Credit Agreement, including all indebtedness evidenced by the Notes, whether fixed or contingent, joint or several, direct or indirect, primary or secondary, and regardless of how created or evidenced;

(b) All sums advanced or costs or expenses incurred by Mortgagee or any of the other Credit Parties, which are made or incurred pursuant to, or allowed by, the terms



of this Mortgage plus interest thereon from the date of the advance or incurrence until reimbursement of Mortgagee or such Credit Party charged at the Reimbursement Rate;

(c) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Mortgagee or any of the other Credit Parties to Mortgagor or any of its Subsidiaries under or pursuant to any Loan Document or any other agreement, document, or instrument, whether or not the advances or value are given pursuant to a commitment, whether or not the advances or value are presently contemplated by the parties hereto, and whether or not Mortgagor is indebted to any Credit Party at the time of such events; and

(d) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not Mortgagor executes any agreement or instrument.

1.12 "Oil and Gas Property" or "Oil and Gas Properties" means (a) the oil and gas and/or oil, gas and mineral leases and leasehold interests, fee mineral interests, term mineral interests, participation interests, back in or carried working interests, rights of first refusal, options, subleases, farmouts, royalties, overriding royalties, net profits interests, production payments and similar interests or estates described in Exhibit A attached hereto and made a part hereof for all purposes including the net revenue interests warranted on such Exhibit A and any reversionary or carried interests relating to any of the foregoing, (b) all production units, and drilling and spacing units (and the Properties covered thereby) which may affect all or any portion of such interests including those units which may be described or referred to on Exhibit A and any units created by agreement or designation or under orders, regulations, rules or other official acts of any Federal, state or other governmental body or agency having jurisdiction, (c) the surface leases described in Exhibit A attached hereto and made part hereof for all purposes, (d) any and all non-consent interests owned or held by, or otherwise benefiting, Mortgagor and arising out of, or pursuant to, any of the Contracts, (e) any other interest in, to or relating to (i) all or any part of the land described in Exhibit A, the land relating to, or described in, the leases set forth in Exhibit A or in the documents described in Exhibit A, or (ii) any of the estates, property rights or other interests referred to above, (f) any instrument executed in amendment, correction, modification, confirmation, renewal or extension of any of the estates, property rights, or other interests referred to above, (g) any and all rights, titles and interests of Mortgagor (which are similar in nature to any of the rights, titles and interests described in (a) through (f) above) which are located on or under or which concern any Property or Properties located in counties referenced in Exhibit A hereto or counties in which a counterpart of this Mortgage is filed of record in the real property records of such county, and (h) all tenements, hereditaments and appurtenances now existing or hereafter obtained in connection with any of the aforesaid, including any rights arising under unitization agreements, orders or other arrangements, communitization agreements, orders or other arrangements or pooling orders, agreements or other arrangements.

1.13 "Operating Equipment" means all surface or subsurface machinery, equipment, facilities, supplies or other Property of whatsoever kind or nature now or hereafter located on any of the Property affected by the Oil and Gas Properties which are useful for the production, treatment, storage or transportation of Hydrocarbons, including all oil wells, gas wells, water

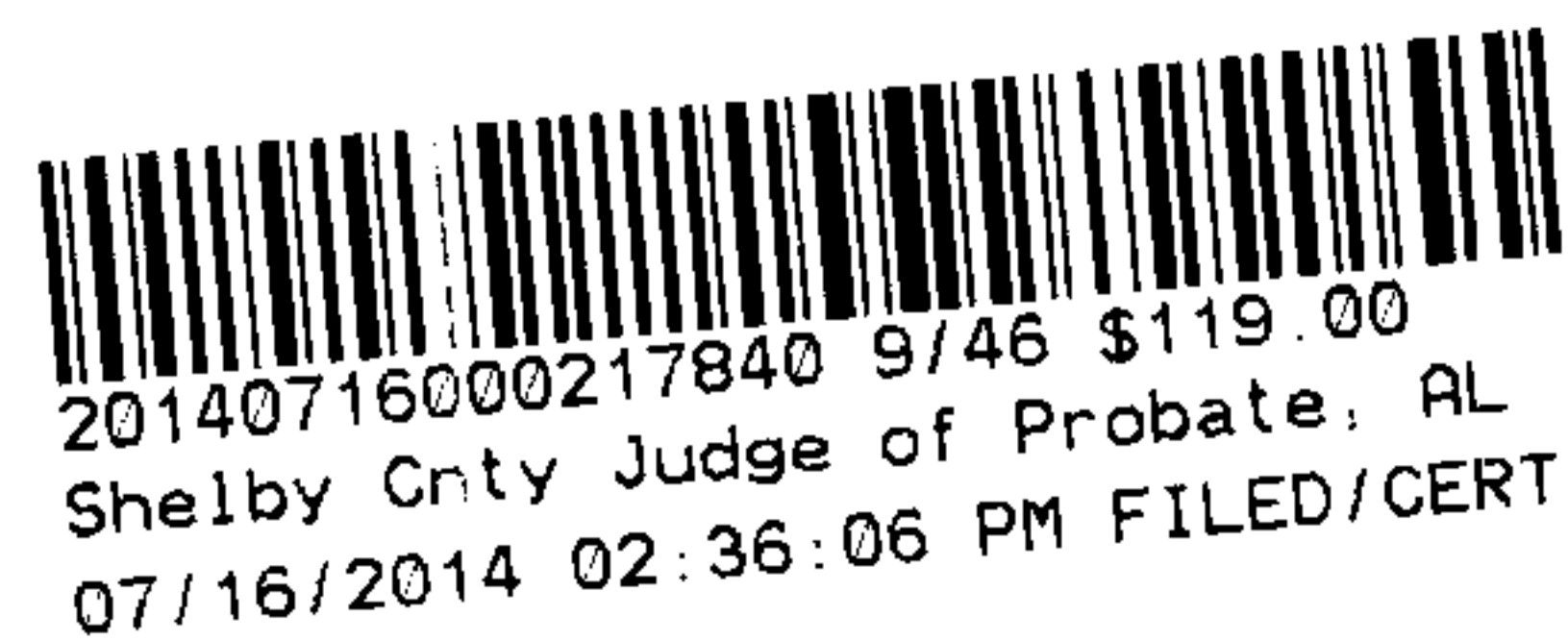
wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, gun barrels, flow lines, pipelines, tanks, gas systems (for gathering, treating and compression), water systems (for treating, disposal and injection), supplies, derricks, wells, power plants, poles, cables, wires, meters, processing plants, compressors, dehydration units, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks, shipping facilities and all additions, substitutes and replacements for, and accessories and attachments to, any of the foregoing. Operating Equipment shall not include any items incorporated into realty or structures or improvements located therein or thereon in such a manner that they no longer remain personalty under the laws of the state in which such equipment is located.

1.14 "Personalty Collateral" means all of Mortgagor's interest now owned or hereafter acquired in and to (a) all Operating Equipment, (b) all Hydrocarbons severed and extracted from or attributable to the Oil and Gas Properties, including oil in tanks and all other "as extracted" collateral from or attributable to the Oil and Gas Properties, (c) all accounts (including accounts resulting from the sale of Hydrocarbons at the wellhead), contract rights and general intangibles, including all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with the sale or other disposition of any Hydrocarbons or otherwise, including all Liens securing the same, (d) all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with or resulting from any of the Contracts, including all Liens securing the same, (e) all proceeds and products of the Realty Collateral and any other contracts or agreements, (f) all information concerning the Oil and Gas Properties and all wells located thereon, including abstracts of title, title opinions, geological and geophysical information and logs, lease files, well files, and other books and records (including computerized records and data), (g) any deposit or time accounts with any Credit Party, including Mortgagor's operating bank account and all funds and investments therein, (h) any options or rights of first refusal to acquire any Realty Collateral, and (i) all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions of, to or for any of the foregoing.

1.15 "Property" means any property of any kind, whether real, personal, or mixed and whether tangible or intangible.

1.16 "Realty Collateral" means all of Mortgagor's interest now owned or hereafter acquired in and to the Oil and Gas Properties, including any access rights, water and water rights, and all unsevered and unextracted Hydrocarbons (even though Mortgagor's interest therein may be incorrectly described in, or a description of a part or all of such interest may be omitted from, Exhibit A). For purposes of this Mortgage, the Realty Collateral shall not include the Excluded Structures.

1.17 "Reimbursement Rate" means a per annum rate equal to the lesser of (a) the Highest Lawful Rate and (b) the Alternate Base Rate in effect from time to time plus the Applicable Margin for ABR Borrowings in effect during an Event of Default.



1.18 All meanings to defined terms, unless otherwise indicated, are to be equally applicable to both the singular and plural forms of the terms defined. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Mortgage, unless otherwise specified. All references to instruments, documents, contracts, and agreements are references to such instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Mortgage shall refer to this Mortgage as a whole and not to any particular provision of this Mortgage. As used herein, the term "including" means "including, without limitation".

ARTICLE II **Creation of Security**

2.1 **Conveyance and Grant of Lien.** In consideration of the advances or extensions by the Credit Parties to Mortgagor of the funds or credit constituting the Obligations (including the making of the Loans), and in further consideration of the mutual covenants contained herein, Mortgagor, by this Mortgage hereby confirms that it has (a) GRANTED, CONVEYED, SOLD, TRANSFERED, AND ASSIGNED and does hereby REGRANT, RECONVEY, RESELL, RETRANSFER, AND REASSIGN, with a general warranty of title, but limited to and subject to Section 4.2 as to the Mortgagor's title to the Collateral, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Federal Collateral unto the Federal Collateral Mortgagee, and to its successor or successors or substitutes WITH POWER OF SALE and (b) GRANTED, CONVEYED, SOLD, TRANSFERED, AND ASSIGNED and does hereby REGRANT, RECONVEY, RESELL, RETRANSFER, AND REASSIGN, with a general warranty of title, but limited to and subject to Section 4.2 as to the Mortgagor's title to the Collateral, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Non-Federal Collateral unto the Non-Federal Collateral Mortgagee, and to its successor or successors or substitutes WITH POWER OF SALE, and to the extent not previously granted or mortgaged under the Existing Mortgage, Mortgagor does hereby confirm that it (x) GRANTS, CONVEYS, SELLS, TRANSFERS, and ASSIGNS with a general warranty of title, but limited to and subject to Section 4.2 as to the Mortgagor's title to the Collateral, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Federal Collateral unto the Federal Collateral Mortgagee, and to its successor or successors or substitutes WITH POWER OF SALE and (y) GRANTS, CONVEYS, SELLS, TRANSFERS, and ASSIGNS with a general warranty of title, but limited to and subject to Section 4.2 as to the Mortgagor's title to the Collateral, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Non-Federal Collateral unto the Non-Federal Collateral Mortgagee, and to its successor or successors or substitutes WITH POWER OF SALE, in each case to secure the payment and performance of the Obligations for the benefit of Mortgagee and the ratable benefit of the Credit Parties. Notwithstanding any provision in this Mortgage to the contrary, in no event are any Excluded Structures encumbered by this Mortgage.

TO HAVE AND TO HOLD the Realty Collateral, the Personalty Collateral and Fixture Collateral unto Mortgagee and its successors, assigns and substitutes forever for the benefit of the Credit Parties, together with all and singular the rights, hereditaments and appurtenances thereto in anywise appertaining or belonging, to secure payment of the Obligations and the performance of the covenants of Mortgagor contained in this Mortgage. Mortgagor does hereby

bind itself, its successors and permitted assigns, to warrant (limited to and subject to Section 4.2 as to the Mortgagor's title to the Collateral) and forever defend all and singular the Realty Collateral, the Personalty Collateral and the Fixture Collateral unto Mortgagee and its successors and assigns, against every Person whomsoever lawfully claiming or to claim the same, or any part thereof.

Subject, however, to the condition that none of the Mortgagee or the Credit Parties shall be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect of the Collateral. Any reference in Exhibit A to the name of a well shall not be construed to limit the Collateral to the well bore of such well or in the pro rata units. It is the Mortgagor's intention that this Mortgage cover the Mortgagor's entire interest in the lands, leases, units and other interests set forth in Exhibit A.

2.2 **Revolving Credit, Future Advances and Maximum Amount Secured.** It is contemplated and acknowledged that the Obligations may include revolving credit loans and advances from time to time, and that this Mortgage shall have effect as of the date hereof to secure all Obligations, regardless of whether any amounts are advanced on the date hereof or on a later date or, whether having been advanced, are later repaid in part or in whole and further advances made at a later date. This Mortgage secures all future advances and obligations constituting Obligations. **THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY MAY DECREASE OR INCREASE FROM TIME TO TIME, BUT AT NO TIME SHALL THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY EXCEED THE SUM OF \$10,000,000.00.**

2.3 **Security Interest.** For the same consideration and to further secure the Obligations, Mortgagor hereby grants to Mortgagee for its benefit and the ratable benefit of the other Credit Parties a security interest in and to the Collateral.

2.4 **Mineral Leasing Act.** It is the specific intent of the parties hereto to fully comply with applicable law concerning Federal oil and gas leases. The parties hereto in good faith believe that a grant of a mortgage as security for the repayment of the Obligations is not the grant of an "interest" (as such term is defined and used in 43 C.F.R. § 3000.0-5(1)) in Federal oil and gas leases to the Mortgagee or any Credit Party. In the event that the grant of this Mortgage as security for the repayment of the Obligations is determined to grant such an "interest" in Federal oil and gas leases, then such grant shall be deemed to be made to, and shall inure to the benefit of, only those parties that may lawfully hold an interest in Federal oil and gas leases pursuant to the Mineral Leasing Act of 1920, 30 U.S.C. §§ 181 et seq. and the regulations promulgated thereunder, including 43 C.F.R. Subparts 3102 and 3106.

ARTICLE III Proceeds from Production

3.1 **Assignment of Production.**

(a) In order to further secure the Obligations, Mortgagor has assigned, transferred, conveyed and delivered and does hereby assign, transfer, convey and deliver unto Mortgagee, effective as of the Effective Date at 7:00 a.m. Houston, Texas time, all

Hydrocarbons produced from, and which are attributable to, Mortgagor's interest, now owned or hereafter acquired, in and to the Oil and Gas Properties, or are allocated thereto pursuant to pooling, communitization or unitization orders, agreements or designations, and all proceeds therefrom.

(b) Subject to the provisions of subsection (f) below, all parties producing, purchasing, taking, possessing, processing or receiving any production from the Oil and Gas Properties, or having in their possession any such production, or the proceeds therefrom, for which they or others are accountable to Mortgagee by virtue of the provisions of this Section 3.1, are authorized and directed by Mortgagor to treat and regard Mortgagee as the assignee and transferee of Mortgagor and entitled in its place and stead to receive such Hydrocarbons and the proceeds therefrom.

(c) Mortgagor directs and instructs each of such parties to pay to Mortgagee, for its benefit and the ratable benefit of the other Credit Parties, all of the proceeds of such Hydrocarbons until such time as such party has been furnished evidence that all of the Obligations have been paid and that the Lien evidenced hereby has been released; provided, however, that until Mortgagee shall have exercised the rights as herein to instruct such parties to deliver such Hydrocarbons and all proceeds therefrom directly to Mortgagee, such parties shall be entitled to deliver such Hydrocarbons and all proceeds therefrom to Mortgagor for Mortgagor's use and enjoyment, and Mortgagor shall be entitled to execute division orders, transfer orders and other instruments as may be required to direct all proceeds to Mortgagor without the necessity of joinder by Mortgagee in such division orders, transfer orders or other instruments. Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be reasonably required or desired by Mortgagee or any party in order to have said revenues and proceeds so paid to Mortgagee. None of such parties shall have any responsibility for the application of any such proceeds received by Mortgagee. Subject to the provisions of subsection (f) below, Mortgagor authorizes Mortgagee to receive and collect all proceeds of such Hydrocarbons.

(d) Subject to the provisions of subsection (f) below, Mortgagor will execute and deliver to Mortgagee any instruments Mortgagee may from time to time reasonably request for the purpose of effectuating the assignment contained in this Section 3.1 and the payment to Mortgagee of the proceeds assigned.

(e) Neither the foregoing assignment nor the exercise by Mortgagee of any of its rights herein shall be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Oil and Gas Properties by any court at the request of Mortgagee or by agreement with Mortgagor or the entering into possession of the Oil and Gas Properties or any part thereof by such receiver be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect

to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof.

(f) Notwithstanding anything to the contrary contained herein, so long as no Event of Default shall have occurred and be continuing, Mortgagor shall have the right to collect all revenues and proceeds attributable to the Hydrocarbons that accrue to the Oil and Gas Properties or the products obtained or processed therefrom, as well as any Liens securing any sales of said Hydrocarbons and to retain, use and enjoy same.

(g) Subject to the provisions of subsection (f) above, Mortgagee may endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor, received from or in connection with the proceeds of the Hydrocarbons affected hereby, and the same may be applied as provided herein. Mortgagee may execute any transfer or division orders in the name of Mortgagor or otherwise, with warranties and indemnities binding on Mortgagor; provided that Mortgagee shall not be held liable to Mortgagor for, nor be required to verify the accuracy of, Mortgagor's interests as represented therein.

(h) Subject to the provisions of subsection (f) above, Mortgagee shall have the right at Mortgagee's election and in the name of Mortgagor, or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Mortgagee in order to collect such proceeds and to protect the interests of Mortgagee or Mortgagor, with all costs, expenses and attorneys fees incurred in connection therewith being paid by Mortgagor. In addition, should any purchaser taking production from the Oil and Gas Properties fail to pay promptly to Mortgagee amounts due from it to Mortgagor following the occurrence of an Event of Default and such purchaser's receipt of notice from Mortgagee directing such payment to be made to Mortgagee in accordance with this Article, Mortgagee shall have the right to demand a change of connection and to designate another purchaser with whom a new connection may be made without any liability on the part of Mortgagee in making such election, so long as ordinary care is used in the making thereof, and upon failure of Mortgagor to consent to such change of connection, the entire amount of all the Obligations may, at the option of Mortgagee, be immediately declared to be due and payable and subject to foreclosure hereunder.

(i) Without in any way limiting the effectiveness of the foregoing provisions, if Mortgagor receives any proceeds which under this Section 3.1 are payable to Mortgagee, Mortgagor shall hold the same in trust and remit such proceeds, or cause them to be remitted, immediately, to Mortgagee.

3.2 **Application of Proceeds.** All payments received by Mortgagee pursuant to this Article III attributable to the interest of Mortgagor in and to the Hydrocarbons shall be applied in the order set forth in Section 10.02(c) of the Credit Agreement.

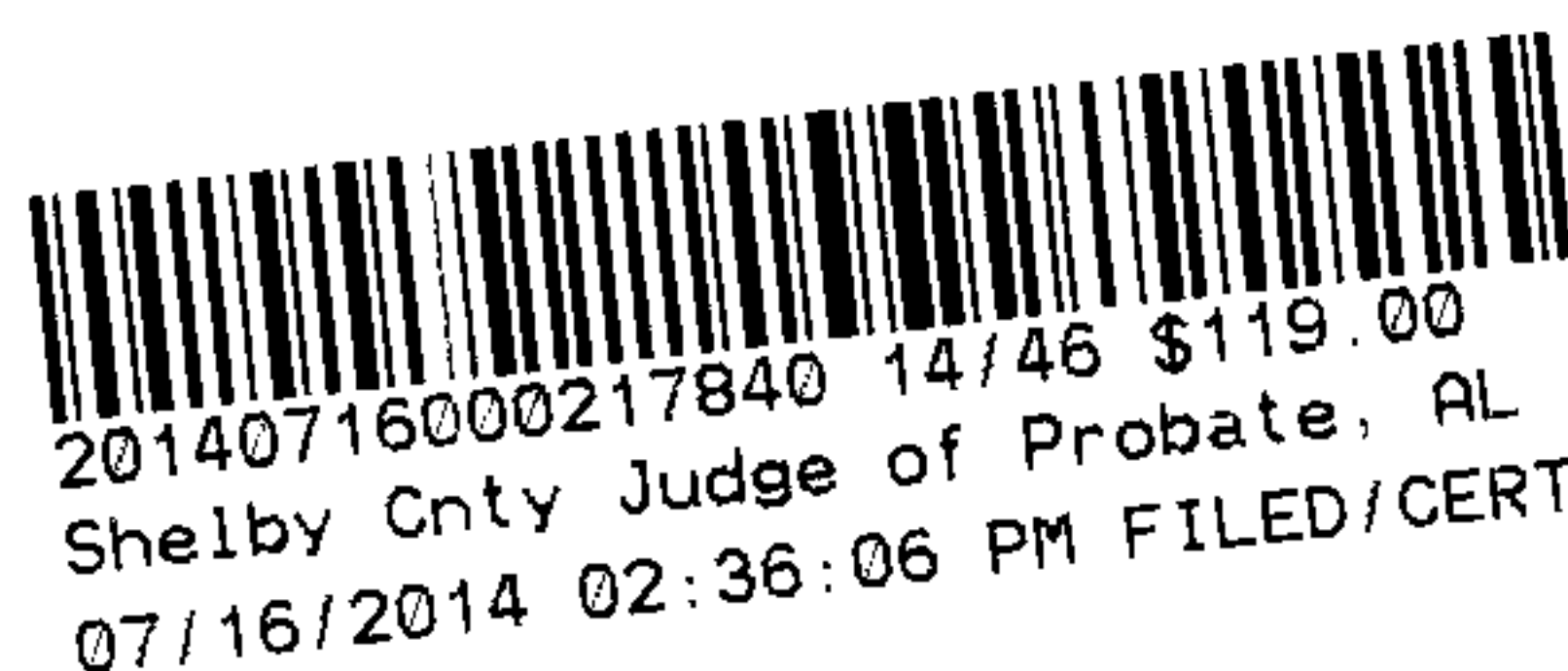
3.3 **Mortgagor's Payment Duties.** Except as provided in Section 7.17 hereof, nothing contained herein will limit Mortgagor's absolute duty to make payment of the Obligations regardless of whether the proceeds assigned by this Article III are sufficient to pay the same, and the receipt by Mortgagee of proceeds from Hydrocarbons under this Mortgage will

be in addition to all other security now or hereafter existing to secure payment of the Obligations.

3.4 **Liability of Mortgagee.** Mortgagee is hereby absolved from all liability for failure to enforce collection of any of such proceeds, and from all other responsibility in connection therewith except the responsibility to account to Mortgagor for proceeds actually received by Mortgagee.

3.5 **Actions to Effect Assignment.** Subject to the provisions of Section 3.1(f), Mortgagor covenants to cause all operators, pipeline companies, production purchasers and other remitters of said proceeds to pay promptly to Mortgagee the proceeds from such Hydrocarbons in accordance with the terms of this Mortgage, and to execute, acknowledge and deliver to said remitters such division orders, transfer orders, certificates and other documents as may be necessary, requested or proper to effect the intent of the assignment contained in this Article III; and Mortgagee shall not be required at any time, as a condition to its right to obtain the proceeds of such Hydrocarbons, to warrant its title thereto or to make any guaranty whatsoever. In addition, upon the reasonable request of Mortgagee, Mortgagor covenants to provide to Mortgagee the name and address of every such remitter of proceeds from such Hydrocarbons, together with a copy of the applicable division orders, transfer orders, sales contracts and governing instruments. All expenses incurred by Mortgagee in the collection of said proceeds shall be repaid promptly by Mortgagor; and prior to such repayment, such expenses shall be a part of the Obligations secured hereby. If under any existing Contracts for the sale of Hydrocarbons, other than division orders or transfer orders, any proceeds of Hydrocarbons are required to be paid by the remitter direct to Mortgagor so that under such existing Contracts payment cannot be made of such proceeds to Mortgagee in the absence of foreclosure, Mortgagor's interest in all proceeds of Hydrocarbons under such existing Contracts shall, when received by Mortgagor, constitute trust funds in Mortgagor's hands for the benefit of Mortgagee and shall be immediately paid over to Mortgagee.

3.6 **Power of Attorney.** Without limitation upon any of the foregoing, Mortgagor hereby designates and appoints Mortgagee as true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as Mortgagee may from time to time prescribe), with full power and authority, for and on behalf of and in the name of Mortgagor, to execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of Mortgagee, be necessary or proper to effect the intent and purpose of the assignment contained in this Article III; and Mortgagor shall be bound thereby as fully and effectively as if Mortgagor had personally executed, acknowledged and delivered any of the foregoing orders, certificates or documents. The powers and authorities herein conferred on Mortgagee may be exercised by Mortgagee through any Person who, at the time of exercise, is the president, a senior vice president or a vice president of Mortgagee. **The power of attorney conferred by this Section 3.6 is granted for valuable consideration and coupled with an interest and is irrevocable so long as Security Termination has not occurred.** Any Persons dealing with Mortgagee, or any substitute, shall be fully protected in treating the powers and authorities conferred by this Section 3.6 as continuing in full force and effect until advised by Mortgagee that Security Termination has occurred.



3.7 **Indemnification.** MORTGAGOR AGREES TO INDEMNIFY MORTGAGEE, AND THE OTHER CREDIT PARTIES, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "**INDEMNIFIED PARTIES**") FROM, AND DISCHARGE, RELEASE AND HOLD EACH OF THEM HARMLESS AGAINST ALL LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES, JUDGMENTS, COSTS, ATTORNEYS FEES OR OTHER CHARGES OF WHATSOEVER KIND OR NATURE (HEREAFTER REFERRED TO AS "**CLAIMS**") MADE AGAINST, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY OF THEM AS A CONSEQUENCE OF THE ASSERTION EITHER BEFORE OR AFTER THE PAYMENT IN FULL OF THE OBLIGATIONS THAT ANY OF THE INDEMNIFIED PARTIES RECEIVED HYDROCARBONS OR PROCEEDS PURSUANT TO THIS MORTGAGE OR PURSUANT TO ANY RIGHT TO COLLECT PROCEEDS DIRECTLY FROM ACCOUNT DEBTORS WHICH ARE CLAIMED BY THIRD PERSONS. THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO EMPLOY ATTORNEYS AND TO DEFEND AGAINST ANY SUCH CLAIMS AND UNLESS FURNISHED WITH REASONABLE INDEMNITY, THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO PAY OR COMPROMISE AND ADJUST ALL SUCH CLAIMS. MORTGAGOR WILL INDEMNIFY AND PAY TO THE INDEMNIFIED PARTIES ALL SUCH AMOUNTS AS MAY BE PAID IN RESPECT THEREOF, OR AS MAY BE SUCCESSFULLY ADJUDICATED AGAINST ANY OF THE INDEMNIFIED PARTIES. THE INDEMNITY UNDER THIS SECTION SHALL APPLY TO CLAIMS ARISING OR INCURRED BY REASON OF THE INDEMNIFIED PARTY'S OWN NEGLIGENCE BUT SHALL NOT APPLY TO CLAIMS DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR INDEMNIFIED PARTIES BEING INDEMNIFIED. THE LIABILITIES OF MORTGAGOR AS SET FORTH IN THIS SECTION 3.7 SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE.

ARTICLE IV

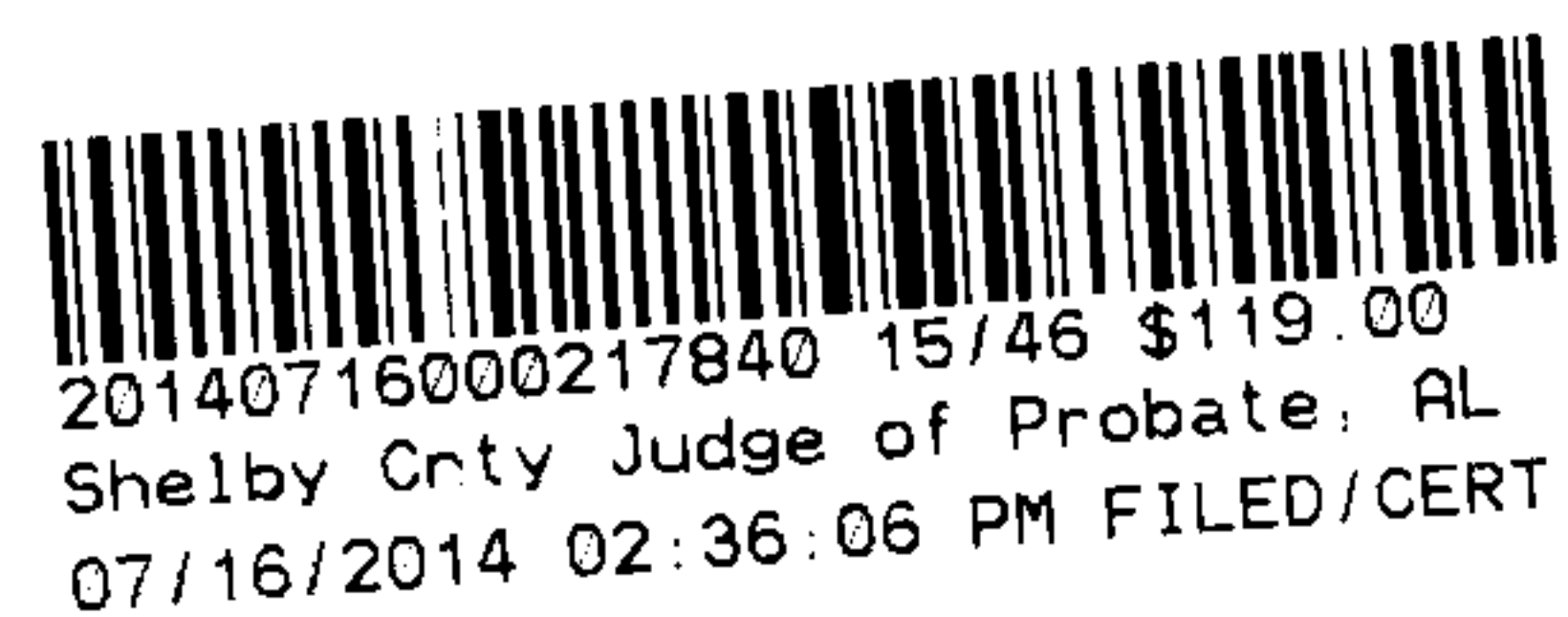
Mortgagor's Representations, Warranties and Covenants

4.1 **Payment of Obligations.** Mortgagor covenants that Mortgagor shall timely pay and perform the Obligations secured by this Mortgage.

4.2 **Representations and Warranties.** Mortgagor represents and warrants as follows:

(a) *Incorporation of Representations and Warranties from Credit Agreement.* The representations and warranties applicable to Mortgagor and to its Properties contained in Article VII of the Credit Agreement are hereby confirmed and restated, each such representation and warranty, together with all related definitions and ancillary provisions, being hereby incorporated into this Mortgage by reference as though specifically set forth in this Section.

(b) *Title to Collateral.* Mortgagor has good and defensible title to the Collateral free from all Liens, claims or other encumbrances except as permitted by the provisions of Section 4.4(i) below. The descriptions set forth in Exhibit A of the quantum and nature of the interests of Mortgagor in and to the Oil and Gas Properties include the entire interests of Mortgagor in the Oil and Gas Properties and are complete and accurate in all respects. There are no "back-in" or "reversionary" interests held by third parties which could reduce the interests of Mortgagor in the Oil and Gas Properties



in any material respects, except as set forth on Exhibit A. No operating or other agreement to which Mortgagor is a party or by which Mortgagor is bound affecting any part of the Collateral requires Mortgagor to bear any of the costs relating to the Collateral greater than the leasehold interest of Mortgagor in such portion of the Collateral in any material respect, except in the event Mortgagor is obligated under an operating agreement to assume a portion of a defaulting party's share of costs.

(c) *Status of Leases, Term Mineral Interests and Contracts.* All of the leases and term mineral interests in the Oil and Gas Properties are valid, subsisting and in full force and effect, and Mortgagor has no knowledge that any default exists under any of the terms or provisions, express or implied, of any of such leases or interests or under any agreement to which the same are subject. All of the Contracts and obligations of Mortgagor material to the ownership and operations of the Oil and Gas Properties are in full force and effect and constitute legal, valid and binding obligations of Mortgagor. Neither Mortgagor nor, to the knowledge of Mortgagor, any other party to any leases or term mineral interests in the Oil and Gas Properties or any Contract (i) is in material breach of or default, or with the lapse of time or the giving of notice, or both, would be in material breach or default, with respect to any obligations thereunder, whether express or implied, or (ii) has given or threatened to give notice of any default under or inquiry into any possible default under, or action to alter, terminate, rescind or procure a judicial reformation of, any lease in the Oil and Gas Properties or any Contract.

(d) *Production Burdens, Taxes, Expenses and Revenues.* All rentals, royalties, overriding royalties, shut-in royalties and other payments due under or with respect to the Oil and Gas Properties have been properly and timely paid, except for payments held in suspense in the ordinary course of business or remitted to state agencies responsible for handling unclaimed property. All expenses payable under the terms of the Contracts have been properly and timely paid except for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made therefor and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business. Except for Mortgagor's interests in certain Oil and Gas Properties, which Mortgagor represents do not constitute a material portion (with 2% or more being deemed material) of the value of the Collateral and all other Properties of Mortgagor securing the Obligations, all of the proceeds from the sale of Hydrocarbons produced from the Realty Collateral are being properly and timely paid to Mortgagor by the purchasers or other remitters of production proceeds without suspense. Mortgagor's ownership of the Hydrocarbons and the undivided interests therein as specified on attached Exhibit A (i) will, after giving full effect to all Liens permitted hereby and after giving full effect to the agreements or instruments set forth on Exhibit A and any other instruments or agreements affecting Mortgagor's ownership of the Hydrocarbons, afford Mortgagor not less than those net interests (expressed as a fraction, percentage or decimal) in the production from or which is allocated to such Hydrocarbons specified as net revenue interest on Exhibit A hereto and (ii) will cause Mortgagor to bear not more than that portion (expressed as a fraction, percentage or decimal), specified as working interest on Exhibit A hereto, of the costs of drilling, developing and operating the wells identified on Exhibit A.

(e) *Pricing.* The prices being received for the production of Hydrocarbons do not violate any Contract or any law or regulation. Where applicable, all of the wells located on the Oil and Gas Properties and production of Hydrocarbons therefrom have been properly classified under appropriate governmental regulations.

(f) *Gas Regulatory Matters.* Mortgagor has filed with the appropriate state and federal agencies all necessary rate and collection filings and all necessary applications for well determinations under the Natural Gas Act of 1938, as amended, the Natural Gas Policy Act of 1978, as amended, and the rules and regulations of the Federal Energy Regulatory Commission thereunder, and each such application has been approved by or is pending before the appropriate state or federal agency.

(g) *Production Balances.* Except as set forth below or permitted by the Credit Agreement, none of the purchasers under any production sales contracts are entitled to "make-up" or otherwise receive deliveries of Hydrocarbons at any time after the date hereof without paying at such time the full contract price therefor. Except as set forth below, no Person is entitled to receive any portion of the interest of Mortgagor in any Hydrocarbons or to receive cash or other payments to "balance" any disproportionate allocation of Hydrocarbons under any operating agreement, gas balancing and storage agreement, gas processing or dehydration agreement, or other similar agreements. Mortgagor believes that certain third parties may be entitled to receive "make-up" deliveries of Hydrocarbons or cash or other payments to "balance" a disproportionate allocation of Hydrocarbons produced from certain Oil and Gas Properties; provided, however, Mortgagor represents and warrants that such deliveries or payments are not material (with 2% or more being deemed material) in aggregate amount when compared to the value of the Collateral and all other Properties of Mortgagor securing the Obligations.

(h) *Drilling Obligations.* There are no obligations under any Oil and Gas Property or Contract which require the drilling of additional wells or operations to earn or to continue to hold any of the Oil and Gas Properties in force and effect, except for oil and gas leases that are still within their primary term (each of which will require drilling operations to perpetuate it beyond its primary term) and the standard provision in certain oil and gas leases that requires either production or operations to perpetuate each respective lease after the expiration of its primary term.

(i) *Compliance with Laws.* All wells on or attributable to the Oil and Gas Properties have been drilled, completed and operated, and all production therefrom has been accounted for and paid to the Persons entitled thereto, in compliance in all material respects with all applicable federal, state and local laws and applicable rules and regulations of the federal, state and local regulatory authorities having jurisdiction thereof.

(j) *Regulatory Filings and Compliance.* All necessary and material regulatory filings have been properly made, and all regulatory (including Environmental) processes have been complied with in all material respects, in connection with the drilling, completion and operation of the wells on or attributable to the Oil and Gas

Properties, and the issuance of all rights of way and other surface uses necessary for the exploration, development and transportation to and from such wells, and all other operations related thereto.

(k) *Allowables.* All production and sales of Hydrocarbons produced or sold from the Oil and Gas Properties have been made in accordance with any applicable allowables (plus permitted tolerances) imposed by any Governmental Authorities.

(l) *Refund Obligations.* Mortgagor has not collected any proceeds from the sale of Hydrocarbons produced from the Oil and Gas Properties which are subject to any refund obligation.

(m) *Mortgagor's Address.* The address of Mortgagor's place of business, residence, chief executive office and office where Mortgagor keeps its records concerning accounts, contract rights and general intangibles is as set forth in Section 7.12, and there has been no change of Mortgagor's name during the four months immediately preceding the Effective Date. Mortgagor hereby represents and warrants that its organizational number is 4886850, the state of its formation is Delaware, and the correct spelling of its name is as set forth in its signature block below.

4.3 **Further Assurances.**

(a) Mortgagor covenants that Mortgagor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Mortgagee may be necessary or desirable to carry out more effectively the purposes of this Mortgage, including (i) prompt correction of any defect in the execution or acknowledgment of this Mortgage, any written instrument comprising part or all of the Obligations, or any other document used in connection herewith; (ii) prompt correction of any defect which may hereafter be discovered in the title to the Collateral; (iii) prompt execution and delivery of all division or transfer orders or other instruments which in Mortgagee's opinion are required to transfer to Mortgagee, for its benefit and the ratable benefit of the other Credit Parties, the assigned proceeds from the sale of Hydrocarbons from the Oil and Gas Properties; and (iv) prompt payment when due and owing of all taxes, assessments and governmental charges imposed on this Mortgage or upon the interest of Mortgagee or upon the income and profits from any of the Collateral.

(b) Mortgagor covenants that Mortgagor shall maintain and preserve the Liens herein created as a security interest superior to all Liens (other than (i) Liens securing the First Lien Debt to the extent permitted under the Intercreditor Agreement and (ii) Excepted Liens identified in clauses (a) to (d) and (f) of the definition thereof in the Credit Agreement, but subject to the provisos at the end of such definition) so long as Security Termination has not occurred.

4.4 **Operation of Oil and Gas Properties.** As long as Security Termination has not occurred, and whether or not Mortgagor is the operator of the Oil and Gas Properties, Mortgagor shall (at Mortgagor's own expense):



(a) not enter into any operating agreement, contract or agreement which materially adversely affects the Collateral;

(b) do all things necessary and within the reasonable control of Mortgagor to keep, or cause to be kept, in full force and effect the Oil and Gas Properties and Mortgagor's interests therein except as permitted by the Credit Agreement;

(c) neither abandon, forfeit, surrender, release, sell, assign, sublease, farmout or convey, nor agree to sell, assign, sublease, farmout or convey, nor mortgage or grant security interests in, nor otherwise dispose of or encumber any of the Collateral or any interest therein, except as permitted by the Credit Agreement;

(d) other than as otherwise permitted under the terms of the Credit Agreement, operate the Oil and Gas Properties or, to the extent that the right of operation is vested in others, will exercise its best efforts to cause the operator to operate the Oil and Gas Properties, in each case in such a manner as to cause the Collateral to be maintained, developed and protected against drainage and continuously operated for the production and marketing of Hydrocarbons in a good and workmanlike manner as a prudent operator would in accordance with (i) generally accepted practices, (ii) applicable oil and gas leases and Contracts, and (iii) all applicable Federal, state and local laws, rules and regulations;

(e) other than as otherwise permitted under the terms of the Credit Agreement, promptly pay or, to the extent that the right of operation is vested in others, exercise its best efforts to cause to be paid, when due and owing (i) all rentals and royalties payable in respect of the Collateral, except for payments held in suspense in the ordinary course of business or remitted to state agencies responsible for handling unclaimed property; (ii) all expenses incurred in or arising from the operation or development of the Collateral, except for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made therefor and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business; and (iii) all taxes, assessments and governmental charges imposed upon the Collateral, upon the income and profits from any of the Collateral, upon Mortgagee because of its interest therein, or for which Mortgagor may be liable, except to the extent such taxes are being contested in good faith and for which reserves in accordance with GAAP have been made as reflected in the Financial Statements; and indemnify Mortgagee from all liability in connection with any of the foregoing (except to the extent of any liability determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of the Mortgagee);

(f) promptly take all action necessary to enforce or secure the observance or performance of any material term, covenant, agreement or condition to be observed or performed by third parties under any Contract, or any part thereof, or to exercise any of its material rights, remedies, powers and privileges under any Contract, all in accordance with the respective terms thereof, except to the extent otherwise permitted under the Credit Agreement;

(g) other than as otherwise permitted under the terms of the Credit Agreement, cause the Operating Equipment and the Fixture Operating Equipment to be kept in good and effective operating condition, ordinary wear and tear excepted, and cause to be made all repairs, renewals, replacements, additions and improvements thereof or thereto, necessary or appropriate in connection with the production of Hydrocarbons from the Oil and Gas Properties;

(h) permit and do all things necessary or proper to enable Mortgagee (through any of its agents and employees) to enter upon the Oil and Gas Properties during business hours and with reasonable prior notice for the purpose of investigating and inspecting the condition and operations of the Collateral in accordance with the terms of the Credit Agreement;

(i) cause the Collateral to be kept free and clear of Liens of every character other than (i) Liens securing the First Lien Debt to the extent permitted under the Intercreditor Agreement and (ii) the Excepted Liens;

(j) carry and maintain the insurance required by the Credit Agreement;

(k) furnish to Mortgagee, upon request, copies of any Contracts; and

(l) timely and adequately perform all covenants express or implied in any Contract necessary to keep in full force and effect the Oil and Gas Properties and to maintain Mortgagor's interests therein other than to the extent permitted under the Credit Agreement.

4.5 **Recording.** Mortgagor hereby authorizes Mortgagee to, at Mortgagor's own expense, record, register, deposit and file this Mortgage and every other instrument in addition or supplement hereto, including applicable financing statements, in such offices and places within the state where the Collateral is located and in the state where the Mortgagor is registered as a corporation and at such times and as often as may be necessary to preserve, protect and renew the Liens herein created as security interest superior to all Liens (other than (i) Liens securing the First Lien Debt to the extent permitted under the Intercreditor Agreement and (ii) Excepted Liens identified in clauses (a) to (d) and (f) of the definition thereof in the Credit Agreement, but subject to the provisos at the end of such definition) on real or personal property as the case may be, and otherwise shall do and perform all matters or things necessary or expedient to be done or observed by reason of any Governmental Requirement for the purpose of effectively creating, perfecting, maintaining and preserving the Liens created hereby in and on the Collateral.

4.6 **Records, Statements and Reports.** Mortgagor shall keep proper books of record and account in which complete and correct entries shall be made of Mortgagor's transactions in accordance with the method of accounting required in the Credit Agreement and shall furnish or cause to be furnished to Mortgagee the reports required to be delivered pursuant to the terms of the Credit Agreement.

4.7 **Insurance.** To the extent that insurance is carried by a third-party operator on behalf of Mortgagor, upon request by Mortgagee, Mortgagor shall obtain and provide Mortgagee with copies of certificates of insurance showing Mortgagor as a named insured. Mortgagor

hereby assigns to Mortgagee for its benefit and the benefit of the other Credit Parties any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any of the Collateral and Mortgagee may receive such monies and apply all or any part of the sums so collected, at its election, toward payment of the Obligations, whether or not such Obligations are then due and payable, in such manner as Mortgagee may elect. Any insurance proceeds received by Mortgagor shall be, unless otherwise notified by the Mortgagee, held in trust for the benefit of Mortgagee, shall be segregated from other funds of Mortgagor and shall be forthwith paid over to Mortgagee.

4.8 **Mortgage Tax.** Mortgagor shall (i) pay when due any tax imposed upon it or upon Mortgagee or any Beneficiary pursuant to the tax laws of the state in which the Collateral is located in connection with the execution, delivery and recordation of this Mortgage and any of the other Loan Documents, and (ii) prepare, execute and file any form required to be prepared, executed and filed in connection therewith.


ARTICLE V Default

5.1 **Events of Default.** An Event of Default under the terms of the Credit Agreement shall constitute an "Event of Default" under this Mortgage.

5.2 **Acceleration Upon an Event of Default.** Upon the occurrence and during the continuance of any Event of Default (other than pursuant to paragraphs (h)-(j) of Section 10.01 of the Credit Agreement), Mortgagee may, or shall at the request of the Majority Lenders, declare the entire unpaid principal of, and the interest accrued on, and all other amounts owed in connection with, the Obligations to be forthwith due and payable, whereupon the same shall become immediately due and payable without any protest, presentment, demand, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived by Mortgagor. If an Event of Default pursuant to Section 10.01(h), (i) or (j) of the Credit Agreement has occurred and is continuing, the entire unpaid principal of and interest accrued on, and all other amounts owed in connection with, the Obligations, shall immediately and automatically become and be due and payable in full, without presentment, demand, protest or any notice of any kind (including, without limitation, any notice of intent to accelerate or notice of acceleration) all of which are hereby expressly waived by Mortgagor. Whether or not Mortgagee or the Majority Lenders elect to accelerate as herein provided, Mortgagee may simultaneously, or thereafter, without any further notice to Mortgagor, exercise any other right or remedy provided in this Mortgage or otherwise existing under the Credit Agreement or any other Loan Document or any other agreement, document, or instrument evidencing obligations owing from the Mortgagor to any of the Credit Parties.

ARTICLE VI Mortgagee's Rights

6.1 **Rights to Realty Collateral Upon an Event of Default.**


20140716000217840 21/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

(a) *Operation of Property by Mortgagee.* Upon the occurrence and during the continuance of any Event of Default, and in addition to all other rights of Mortgagee, Mortgagee shall have the following rights and powers (but no obligation):

(i) To enter upon and take possession of any of the Realty Collateral and exclude Mortgagor therefrom;

(ii) To hold, use, administer, manage and operate the Realty Collateral to the extent that Mortgagor could do so, and without any liability to Mortgagor in connection with such operations; and

(iii) To the extent that Mortgagor could do so, to collect, receive and receipt for all Hydrocarbons produced and sold from the Realty Collateral, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of Mortgagor with respect to the Realty Collateral.

Mortgagee may designate any Person to act on its behalf in exercising the foregoing rights and powers. When and if the expenses of such operation and development (including costs of unsuccessful workover operations or additional wells) have been paid, and Security Termination has occurred, the Realty Collateral shall be returned to Mortgagor (provided there has been no foreclosure sale).

(b) *Judicial Proceedings.* Upon the occurrence and during the continuance of any Event of Default, Mortgagee, in lieu of or in addition to exercising the power of sale hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Collateral, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale hereafter given for Collateral located in the State of Alabama, Mortgagee may proceed by suit for a sale of the Realty Collateral.

(c) *Foreclosure by Private Power of Sale of Collateral.* Upon the occurrence and during the continuance of any Event of Default, Mortgagee shall have the right and power to sell, as Mortgagee may elect, all or a portion of the Collateral at one or more sales as an entirety or in parcels, in accordance with Section 35-10-11 *et seq.* of the Code of Alabama, as amended from time to time (or any successor provisions governing real property foreclosure sales) or with any applicable state law. Mortgagor hereby designates as Mortgagor's address for the purpose of notice the address set out in Section 7.12; provided that Mortgagor may by written notice to Mortgagee designate a different address for notice purposes. Any purchaser or purchasers will be provided with a special warranty conveyance binding Mortgagor and Mortgagor's successors and assigns. Sale of a part of the Realty Collateral will not exhaust the power of sale, and sales may be made from time to time until all of the Realty Collateral is sold or Security Termination has occurred. Mortgagee will have the authority to appoint an attorney-in-fact to act as trustee in conducting the foreclosure sale and executing a deed to the purchaser or

purchasers. If an Event of Default shall have occurred and be continuing, Mortgagee shall be authorized to take possession of the Realty Collateral by publication once a week, for three (3) consecutive weeks, of the time, place, and terms of sale, in some newspaper published in the county where the Realty Collateral is located, to sell the same, as a whole or in parcels, in front of the courthouse door of the county where the Realty Collateral is located, at public outcry, to the highest and best bidder for cash, in order to pay the Secured Obligations and accrued interest thereon. Mortgagee may bid and purchase at such sale. The aforesaid power of sale is granted in addition to the other remedies provided by law for collection of the Secured Obligations and shall not be exhausted by one exercise thereof but may be exercised until Mortgagee has received full payment of the indebtedness.

(d) *Appointment of Receiver.* Upon the occurrence and during the continuance of any Event of Default, Mortgagee shall have the right to make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Realty Collateral for the repayment of the Secured Obligations, the appointment of a receiver of the Realty Collateral, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Realty Collateral upon such terms as may be approved by the court, and shall apply such rents in accordance with the provisions hereof.

(e) *Certain Aspects of Sale.* Mortgagee will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Obligations against the amount payable by Mortgagee as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of any Event of Default, any acceleration of the maturity of the Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Mortgagee hereunder and the truth and accuracy of all other matters stated therein. Mortgagor does hereby ratify and confirm all legal acts that Mortgagee may do in carrying out Mortgagee's duties and obligations under this Mortgage, and Mortgagor hereby irrevocably appoints Mortgagee to be the attorney-in-fact of Mortgagor and in the name and on behalf of Mortgagor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Mortgagor ought to execute and deliver and do and perform any and all such acts and things which Mortgagor ought to do and perform under the covenants herein contained and generally to use the name of Mortgagor in the exercise of all or any of the powers hereby conferred on Mortgagee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Mortgagee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Realty Collateral, and Mortgagor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Realty Collateral purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Realty Collateral, then the title and right of possession to such

Realty Collateral shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(f) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of Mortgagee or the Person conducting the sale will be sufficient discharge to the purchaser or purchasers at any sale for its purchase money, and such purchaser or purchasers, will not, after paying such purchase money and receiving such receipt of Mortgagee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(g) *Effect of Sale.* Any sale or sales of the Realty Collateral will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Mortgagor in and to the premises and the Realty Collateral sold, and will be a perpetual bar, both at law and in equity, against Mortgagor, Mortgagor's successors or assigns, and against any and all Persons claiming or who shall thereafter claim all or any of the Realty Collateral sold by, through or under Mortgagor, or Mortgagor's successors or assigns. Nevertheless, if requested by Mortgagee so to do, Mortgagor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at the foreclosure sale will receive as incident to his, her, its or their own ownership, immediate possession of the Realty Collateral purchased and Mortgagor agrees that if Mortgagor retains possession of the Realty Collateral or any part thereof subsequent to such sale, Mortgagor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by Mortgagor.

(h) *Application of Proceeds.* The proceeds of any sale of the Realty Collateral or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall either be, at the option of Mortgagee, applied at the time of receipt, or held by Mortgagee in the Cash Collateral Account as additional Collateral, and in either case, applied in the order set forth in Section 10.02(c) of the Credit Agreement.

(i) *Mortgagor's Waiver of Redemption, Notice, Appraisal and Marshalling.* To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally (a) waives and releases all benefit that might accrue to Mortgagor by virtue of any present or future statute of limitations or law or judicial decision exempting the Collateral from attachment, levy or sale or execution or providing for any stay of execution, exemption from civil process, redemption or extension of time for payment, (b) waives and releases all notices of any Event of Default or of Mortgagor's election to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, (c) waives and releases any right to a marshalling of assets or a sale in inverse order or alienation and (d) waives and will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, the absolute sale of the Collateral, including the Realty Collateral, or the possession thereof by any purchaser at any sale made



pursuant to this Mortgage or pursuant to the decree of any court of competent jurisdiction. Mortgagor agrees that Mortgagee may sell the Collateral, including the Realty Collateral, in part, in parcels or as an entirety as directed by Mortgagee.

6.2 **Rights to Personalty Collateral Upon an Event of Default.** Upon the occurrence and during the continuance of any Event of Default, Mortgagee may proceed against the Personalty Collateral in accordance with the rights and remedies granted herein with respect to the Realty Collateral, and in addition, will have all rights and remedies granted by Section 7-9A-601 *et seq.* of the Code of Alabama, as amended, modified or succeeded, under all other applicable Laws of Alabama and otherwise in this Mortgage. Mortgagee shall have the right to take possession of the Personalty Collateral, and for this purpose Mortgagee may enter upon any premises on which any or all of the Personalty Collateral is situated and, to the extent that Mortgagor could do so, take possession of and operate the Personalty Collateral or remove it therefrom. Mortgagee may require Mortgagor to assemble the Personalty Collateral and make it available to Mortgagee at a place to be designated by Mortgagee which is reasonably convenient to both parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee will send 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 the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if such notice is mailed, postage prepaid, to Mortgagor at the address designated in Section 7.12 hereof (or such other address as has been designated as provided herein) at least ten days before the time of the sale or disposition. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, Mortgagee will be entitled to recover attorney's fees and legal expenses as provided for in this Mortgage and in the writings evidencing the Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Obligations. Mortgagor will remain liable for any deficiency remaining after the sale or other disposition. Mortgagor hereby consents and agrees that any disposition of all or a part of the Collateral may be made without warranty of any kind whether expressed or implied.

6.3 **Rights to Fixture Collateral Upon an Event of Default.** Upon the occurrence and during the continuance of any Event of Default, Mortgagee may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral (but not both) and proceed to exercise such rights as apply to the type of Collateral selected.

6.4 **Account Debtors.** Mortgagee may, in its discretion, after the occurrence and during the continuance of an Event of Default, (a) notify any account debtor on any accounts constituting Collateral to make payments directly to Mortgagee, (b) instruct any party described in Section 3.1(b) to deliver all Hydrocarbons assigned to Mortgagee as described in Section 3.1(a) and all proceeds therefrom directly to Mortgagee, and (c) contact such account debtors and other parties directly to verify information furnished by Mortgagor with respect to such account debtors and such accounts. Mortgagee shall not have any obligation to preserve any rights against prior parties.

6.5 **Costs and Expenses.** All sums advanced or costs or expenses incurred by Mortgagee (either by it directly or on its behalf) in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Mortgagor to Mortgagee as part of the Obligations

and may be included as part of the amount owing from the Mortgagor to the Mortgagee at any foreclosure sale. Mortgagor hereby agrees to repay such sums on demand plus interest thereon from the date of the advance or incurrence until reimbursement of Mortgagee at the Reimbursement Rate.

6.6 **Set-Off.** Upon the occurrence and during the continuance of any Event of Default, any Credit Party shall have the right to set-off any funds of Mortgagor in the possession of such Credit Party against any amounts then due by Mortgagor pursuant to this Mortgage.

6.7 **Federal and Tribal Transfers.** Upon a sale conducted pursuant to this Article VI of all or any portion of the Realty Collateral consisting of interests (the "Federal and Tribal Interests") in leases, easements, rights-of-way, agreements or other documents and instruments covering, affecting or otherwise relating to federal or tribal lands (including leases, easements and rights-of-way issued by the Bureau of Land Management; leases, easements and rights-of-way issued by the Bureau of Indian Affairs; and leases, easements, rights-of-way and minerals agreements with tribal governments or agencies or allottees), the Mortgagor agrees to take all action and execute all instruments necessary or advisable to transfer the Federal and Tribal Interests to the purchaser at such sale, including to execute, acknowledge and deliver assignments of the Federal and Tribal Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements, to seek and request approval thereof and to take all other action necessary or advisable in connection therewith. **The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's attorney-in-fact and proxy, with full power and authority in the place and stead of the Mortgagor,** in the name of the Mortgagor or otherwise, to take any such action and to execute any such instruments on behalf of the Mortgagor that the Mortgagee may deem necessary or advisable to so transfer the Federal and Tribal Interests, including the power and authority to execute, acknowledge and deliver such assignments, to seek and request approval thereof and to take all other action deemed necessary or advisable by the Mortgagee in connection therewith; and the Mortgagor hereby adopts, ratifies and confirms all such actions and instruments. **Such power of attorney and proxy is coupled with an interest, shall survive the dissolution, termination, reorganization or other incapacity of the Mortgagor and shall be irrevocable.** No such action by the Mortgagee shall constitute acknowledgment of, or assumption of liabilities relating to, the Federal and Tribal Interests, and neither the Mortgagor nor any other party may claim that the Mortgagee is bound, directly or indirectly, by any such action.

ARTICLE VII Miscellaneous

7.1 **Advances by Mortgagee.** Each and every covenant of Mortgagor herein contained shall be performed and kept by Mortgagor solely at Mortgagor's expense. If Mortgagor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this Mortgage, Mortgagee (either by it directly or on its behalf by any receiver appointed hereunder) may, but will not be obligated to, make advances to perform the same on Mortgagor's behalf, and Mortgagor hereby agrees to repay such sums and any attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Mortgagee at the Reimbursement Rate. In addition, Mortgagor hereby agrees to repay on demand any costs, expenses and attorney's fees incurred by Mortgagee which are to

be obligations of Mortgagor pursuant to, or allowed by, the terms of this Mortgage, including such costs, expenses and attorney's fees incurred pursuant to Section 3.1(h), Section 6.5 or Section 7.2 hereof, plus interest thereon from the date of the advance by Mortgagee until reimbursement of Mortgagee at the Reimbursement Rate. Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Obligations, be due and owing. No such advance will be deemed to relieve Mortgagor from any default hereunder.

7.2 **Defense of Claims.** Mortgagor shall promptly notify Mortgagee in writing of the commencement of any legal proceedings affecting Mortgagor's title to the Collateral or Mortgagee's Liens in the Collateral, or any part thereof, and shall take such action, employing attorneys agreeable to Mortgagee, as may be necessary to preserve Mortgagor's and Mortgagee's rights affected thereby. If Mortgagor fails or refuses to adequately or vigorously, in the reasonable judgment of Mortgagee, defend Mortgagor's or Mortgagee's rights to the Collateral, Mortgagee may take such action on behalf of and in the name of Mortgagor and at Mortgagor's expense. Moreover, Mortgagee may take such independent action in connection therewith as it may in its discretion deem proper, including the right to employ independent counsel and to intervene in any suit affecting the Collateral. All costs, expenses and attorneys' fees incurred by Mortgagee pursuant to this Section 7.2 or in connection with the defense by Mortgagee of any claims, demands or litigation relating to Mortgagor, the Collateral or the transactions contemplated in this Mortgage shall be paid by Mortgagor on demand plus interest thereon from the date of such demand by Mortgagee until reimbursement of Mortgagee at the Reimbursement Rate.

7.3 **Termination.** If Security Termination has occurred and the covenants herein contained are well and fully performed then all of the Collateral will revert to Mortgagor to the extent not otherwise transferred or sold as permitted under Governmental Requirements or under this Mortgage and the entire estate, right, title and interest of Mortgagee will thereupon cease; and Mortgagee in such case shall, upon the request of Mortgagor and the payment by Mortgagor of all attorneys' fees and other expenses deliver to the Mortgagor proper instruments acknowledging satisfaction of this Mortgage, the release, reconveyance and termination of the Liens created hereby and the reassignment of Hydrocarbons assigned hereby. Mortgagee shall have full power and authority to execute and deliver all releases, terminations, reassignments and reconveyances permitted hereunder and under the Credit Agreement without the joinder of any other Credit Party, and all Persons shall be entitled to rely on any such releases, terminations, reassignments and reconveyances and shall be fully protected in reliance thereon.

7.4 **Renewals, Amendments and Other Security.** Without notice or consent of Mortgagor, renewals and extensions of the written instruments constituting part or all of the Obligations may be given at any time and amendments may be made to agreements relating to any part of such written instruments or the Collateral. Mortgagee may take or hold other security for the Obligations without notice to or consent of Mortgagor. The acceptance of this Mortgage by Mortgagee shall not waive or impair any other security Mortgagee may have or hereafter acquire to secure the payment of the Obligations nor shall the taking of any such additional security waive or impair the Liens herein granted. Mortgagee 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

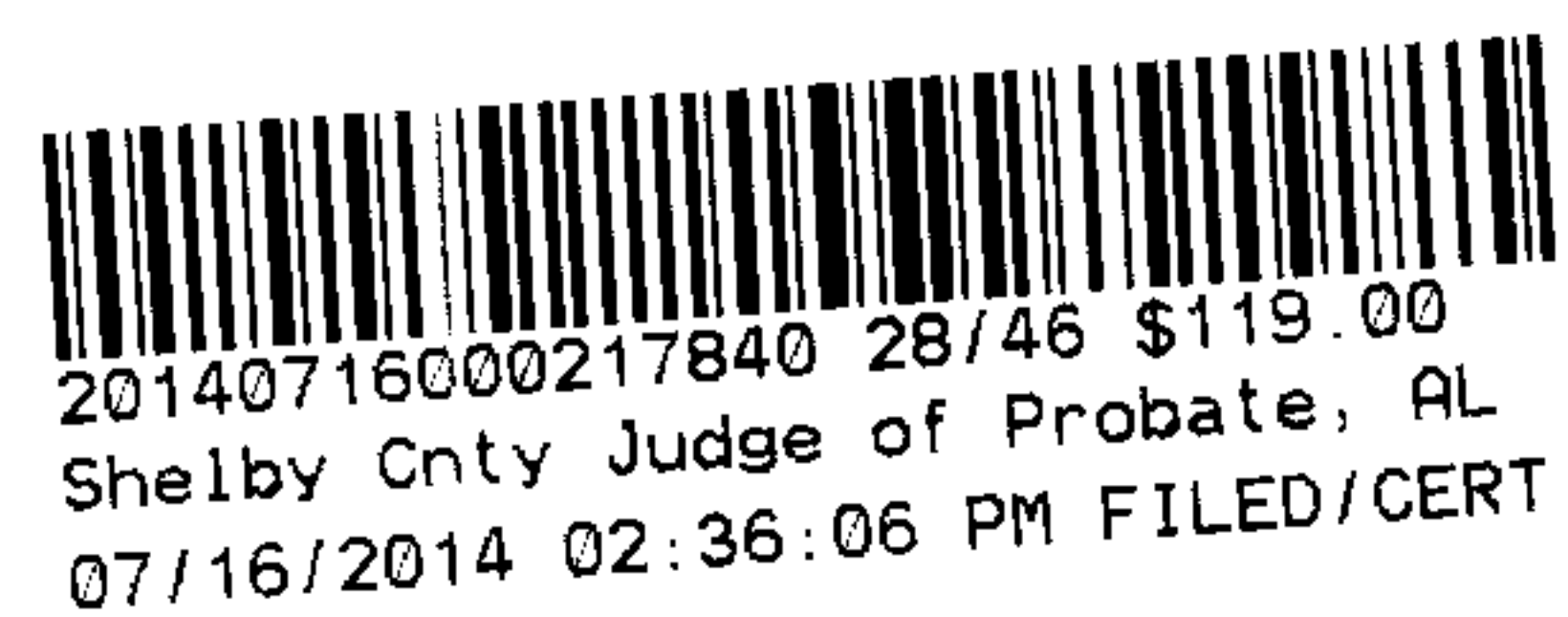
action will not be a waiver of any rights conferred by this Mortgage. This Mortgage may not be amended, waived or modified except in a written instrument executed by both Mortgagor and Mortgagee.

7.5 Security Agreement, Financing Statement and Fixture Filing. This Mortgage will 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 if appropriate under applicable state law. **AS A FINANCING STATEMENT, THIS MORTGAGE IS INTENDED TO COVER ALL PERSONALTY COLLATERAL INCLUDING MORTGAGOR'S INTEREST IN ALL HYDROCARBONS AS AND AFTER THEY ARE EXTRACTED AND ALL ACCOUNTS ARISING FROM THE SALE THEREOF AT THE WELLHEAD. THIS MORTGAGE SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO FIXTURE COLLATERAL INCLUDED WITHIN THE COLLATERAL.** This Mortgage shall be filed in the real estate records or other appropriate records of the county or counties in the state in which any part of the Realty Collateral and Fixture Collateral is located as well as the Uniform Commercial Code records or other appropriate office of the state in which the Mortgagor is located. At Mortgagee's request, Mortgagor shall deliver financing statements covering the Personalty Collateral, including all Hydrocarbons sold at the wellhead, and Fixture Collateral, which financing statements may be filed in the Uniform Commercial Code records or other appropriate office of the county or state in which any of the Collateral is located or in any other location permitted or required to perfect Mortgagee's security interest under the Uniform Commercial Code. In addition, Mortgagor hereby irrevocably authorizes Mortgagee and any affiliate, employee or agent thereof, at any time and from time to time, to file in any Uniform Commercial Code jurisdiction any financing statement or document and amendments thereto, without the signature of Mortgagor where permitted by law, in order to perfect or maintain the perfection of any security interest granted under this Mortgage.

7.6 Unenforceable or Inapplicable Provisions. If any term, covenant, condition or provision hereof is invalid, illegal or unenforceable in any respect, the other provisions hereof will remain in full force and effect and will be liberally construed in favor of Mortgagee in order to carry out the provisions hereof.

7.7 Rights Cumulative. Each and every right, power and remedy herein given to Mortgagee will 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 as often and in such order as may be deemed expedient by Mortgagee and the exercise, or the beginning of the exercise, of any such right, power or remedy will 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 Mortgagee in the exercise of any right, power or remedy will 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.

7.8 Waiver by Mortgagee. Any and all covenants in this Mortgage may from time to time by instrument in writing by Mortgagee be waived in accordance with Section 12.02 of



the Credit Agreement but no such waiver will ever affect or impair Mortgagee's rights hereunder, except to the extent specifically stated in such written instrument.

7.9 **Terms.** The term "Mortgagor" as used in this Mortgage will be construed as singular or plural to correspond with the number of Persons executing this Mortgage as Mortgagor. If more than one Person executes this Mortgage as Mortgagor, his, her, its, or their duties and liabilities under this Mortgage will be joint and several. The terms "Mortgagee" and "Mortgagor" as used in this Mortgage include the heirs, executors or administrators, successors, representatives, receiver, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Mortgage that are defined in the Uniform Commercial Code of Alabama are used with the meanings therein defined.

7.10 **Counterparts.** This Mortgage may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counties counterpart portions of Exhibit A hereto which describe Properties situated in counties other than the counties in which such counterpart is to be recorded may have been omitted.

7.11 **Governing Law.** This Mortgage shall be governed by and construed in accordance with the laws of the State of Alabama.

7.12 **Notice.** All notices required or permitted to be given by Mortgagor or Mortgagee shall be made in the manner set forth in the Credit Agreement and shall be addressed as follows:

Mortgagor: Saga Resource Partners LLC
600 17th Street, Suite 1700N
Denver, Colorado 80202
Attention: J. Charles Farmer and Brent J. Morse, with a copy to:

ACON Alabama Energy Investors, LLC
c/o Acon Investments LLC
1133 Connecticut Avenue, NW, Suite 700
Washington DC 20036
United States of America
Attention: Jonathan Ginns and Barry Johnson
Fax: 202-243-8613

Mortgagee: Société Générale
1111 Bagby Street, Suite 2020
Houston, Texas 77002
Attention: David M. Bornstein
Facsimile: 713-650-0824

7.13 **Duties of Mortgagee.** It shall be no part of the duty of Mortgagee to see to any recording, filing or registration of this Mortgage or any other instrument in addition or supplemental hereto, or to see to the payment of or be under any duty with respect to any tax or assessment or other governmental charge which may be levied or assessed on the Collateral, any

part thereof, or against Mortgagor, or to see to the performance or observance by Mortgagor of any of the covenants and agreements contained herein. Mortgagee shall not be responsible for the execution, acknowledgment or validity of this Mortgage or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Mortgagee. Mortgagee shall have the right to seek the advice of counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Mortgagee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by Mortgagee hereunder, believed by Mortgagee in good faith to be genuine.

7.14 **Condemnation.** All awards and payments heretofore and hereafter made for the taking of or injury to the Collateral or any portion thereof whether such taking or injury be done under the power of eminent domain or otherwise, are hereby assigned, and shall be paid to Mortgagee. Mortgagee is hereby authorized to collect and receive the proceeds of such awards and payments and to give proper receipts and acquittances therefor. Mortgagor hereby agrees to make, execute and deliver, upon request, any and all assignments and other instruments sufficient for the purpose of confirming this assignment of the awards and payments to Mortgagee free and clear of any encumbrances of any kind or nature whatsoever. Any such award or payment may, at the option of Mortgagee, be retained and applied by Mortgagee after payment of attorneys' fees, costs and expenses incurred in connection with the collection of such award or payment toward payment of all or a portion of the Obligations, whether or not the Obligations are then due and payable, or be paid over wholly or in part to Mortgagor for the purpose of altering, restoring or rebuilding any part of the Collateral which may have been altered, damaged or destroyed as a result of any such taking, or other injury to the Collateral.

7.15 **Successors and Assigns.**

(a) This Mortgage is binding upon Mortgagor, Mortgagor's successors and assigns, and shall inure to the benefit of each Credit Party and each of its successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

(b) Subject to clause (d) below, this Mortgage shall be transferable and negotiable, with the same force and effect and to the same extent as the Obligations may be transferable, it being understood that, upon the legal transfer or assignment by the Credit Parties (or any of them) of any of the Obligations, the legal holder of such Obligations shall have all of the rights granted to the Mortgagee for the benefit of the Credit Parties under this Mortgage. The Mortgagor specifically agrees that, to the extent permitted by applicable law, upon any transfer of all or any portion of the Obligations, this Mortgage shall secure with retroactive rank the existing Obligations of the Mortgagor to the transferee and any and all Obligations to such transferee thereafter arising.

(c) The Mortgagor hereby recognizes and agrees that the Credit Parties (or any of them) may, from time to time, one or more times, transfer all or any portion of the Obligations to one or more third parties. Such transfers may include, but are not limited to, sales of participation interests in such Obligations in favor of one or more third parties. Upon any transfer of all or any portion of the Obligations and subject to clause (d) below, the Mortgagee

may transfer and deliver any and/or all of the Collateral to the transferee of such Obligations and such Collateral shall secure any and all of the Obligations in favor of such a transferee then existing and thereafter arising, and after any such transfer has taken place, the Mortgagee shall be fully discharged from any and all future liability and responsibility to the Mortgagor with respect to such Collateral, and transferee thereafter shall be vested with all the powers, rights and duties with respect to such Collateral.

7.16 **Article and Section Headings.** The article and section headings in this Mortgage are inserted for convenience of reference and shall not be considered a part of this Mortgage or used in its interpretation.

7.17 **Usury Not Intended.** It is the intent of Mortgagor and Mortgagee in the execution and performance of this Mortgage, the Credit Agreement and the other Loan Documents to contract in strict compliance with applicable usury laws governing the Obligations including such applicable usury laws of the State of Alabama and the United States of America as are from time-to-time in effect. In furtherance thereof, Mortgagee and Mortgagor stipulate and agree that none of the terms and provisions contained in this Mortgage, the Credit Agreement or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the maximum non-usurious rate permitted by applicable law and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Mortgage, the Credit Agreement and the other Loan Documents; and in the event that, notwithstanding the foregoing, under any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Obligations, include amounts which by applicable law are deemed interest which would exceed the maximum non-usurious rate permitted by applicable law, then such excess shall be deemed to be a mistake and Mortgagee shall credit the same on the principal of the Obligations (or if the Obligations shall have been paid in full, refund said excess to Mortgagor). In the event that the maturity of the Obligations is accelerated by reason of any election of Mortgagee resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum non-usurious rate permitted by applicable law and excess interest, if any, provided for in this Mortgage, the Credit Agreement or other Loan Documents shall be canceled automatically as of the date of such acceleration and prepayment and, if theretofore paid, shall be credited on the Obligations or, if the Obligations shall have been paid in full, refunded to Mortgagor. In determining whether or not the interest paid or payable under any specific contingencies exceeds the maximum non-usurious rate permitted by applicable law, Mortgagor and Mortgagee shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal part during the period of the full stated term of the Obligations, all amounts considered to be interest under applicable law of any kind contracted for, charged, received or reserved in connection with the Obligation.

7.18 **Credit Agreement.** To the fullest extent possible, the terms and provisions of the Credit Agreement shall be read together with the terms and provisions of this Mortgage so that the terms and provisions of this Mortgage do not conflict with the terms and provisions of the Credit Agreement; provided, however, notwithstanding the foregoing, in the event that any of the terms or provisions of this Mortgage conflict with any terms or provisions of the Credit Agreement, the terms or provisions of the Credit Agreement shall govern and control for all

purposes; provided that the inclusion in this Mortgage of terms and provisions, supplemental rights or remedies in favor of Mortgagee not addressed in the Credit Agreement shall not be deemed to be a conflict with the Credit Agreement and all such additional terms, provisions, supplemental rights or remedies contained herein shall be given full force and effect.

7.19 **Due Authorization.** Mortgagor hereby represents, warrants and covenants to Mortgagee that the obligations of Mortgagor under this Mortgage are the valid, binding and legally enforceable obligations of Mortgagor, that the execution, ensealing and delivery of this Mortgage by Mortgagor has been duly and validly authorized in all respects by Mortgagor, and that the persons who are executing and delivering this Mortgage on behalf of Mortgagor have full power, authority and legal right to so do, and to observe and perform all of the terms and conditions of this Mortgage on Mortgagor's part to be observed or performed.

7.20 **No Offsets, Etc.** Mortgagor hereby represents, warrants, and covenants to Mortgagee that there are no offsets, counterclaims or defenses at law or in equity against this Mortgage or the indebtedness secured hereby.

7.21 **Amendment and Restatement; Confirmation of Liens.** This Mortgage is an amendment and restatement of the Existing Mortgage and supersedes the Existing Mortgage in its entirety; provided, however, that (a) the execution and delivery of this Mortgage shall not effect a novation of the Existing Mortgage but shall be, to the fullest extent applicable, in modification, renewal, confirmation and extension of such Existing Mortgage, and (b) the Liens, security interests and other interests in the collateral covered by the Existing Mortgage (hereinafter the "Original Collateral") granted under the Existing Mortgage are and shall remain legal, valid, binding and enforceable with regard to such Original Collateral. Mortgagor hereby acknowledges and confirms the continuing existence and effectiveness of such Liens, security interests and other interests in the Original Collateral granted under the Existing Mortgage, and further agrees that the execution and delivery of this Mortgage and the other Credit Documents shall not in any way release, diminish, impair, reduce or otherwise affect such Liens, security interests and other interests in the Original Collateral granted under the Existing Mortgage.

7.22 **Bankruptcy Limitation.** Notwithstanding anything contained herein to the contrary, it is the intention of the Mortgagor, Mortgagee and the other Credit Parties that the amount of the Obligations secured by the Mortgagor's interests in any of its Property shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer and other similar law, rule or regulation of any Governmental Authority applicable to the Mortgagor. Accordingly, notwithstanding anything to the contrary contained in this Mortgage in any other agreement or instrument executed in connection with the payment of any of the Obligations, the amount of the Obligations secured by the Mortgagor's interests in any of its Property pursuant to this Mortgage shall be limited to an aggregate amount equal to the largest amount that would not render the Mortgagor's obligations hereunder or the Liens granted to Mortgagee hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any other applicable law.

7.23 **Deficiency Judgment.** **MORTGAGEE HAS THE RIGHT TO PROCEED TO OBTAIN AND COLLECT A DEFICIENCY JUDGMENT, TOGETHER WITH FORECLOSURE OF THE COLLATERAL UNDER APPLICABLE ALABAMA LAW.**

7.24 **Intercreditor Agreement**. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Mortgagee pursuant to this Mortgage and the exercise of any right or remedy by the Mortgagee hereunder are subject to the provisions of the Intercreditor Agreement.

THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS SECURED HEREBY REPRESENT THE FINAL AGREEMENT AMONG 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 AMONG THE PARTIES.

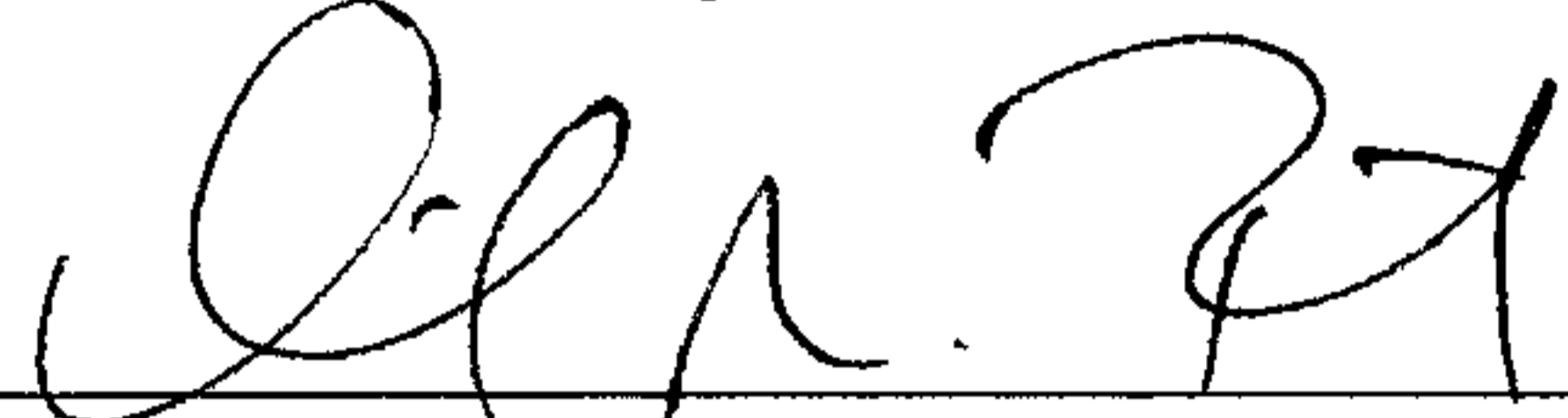
[SIGNATURE PAGE FOLLOWS]



20140716000217840 33/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

MORTGAGEE:

SOCIÉTÉ GÉNÉRALE,
as Administrative Agent

By: 
Name: David Bornstein
Title: Director

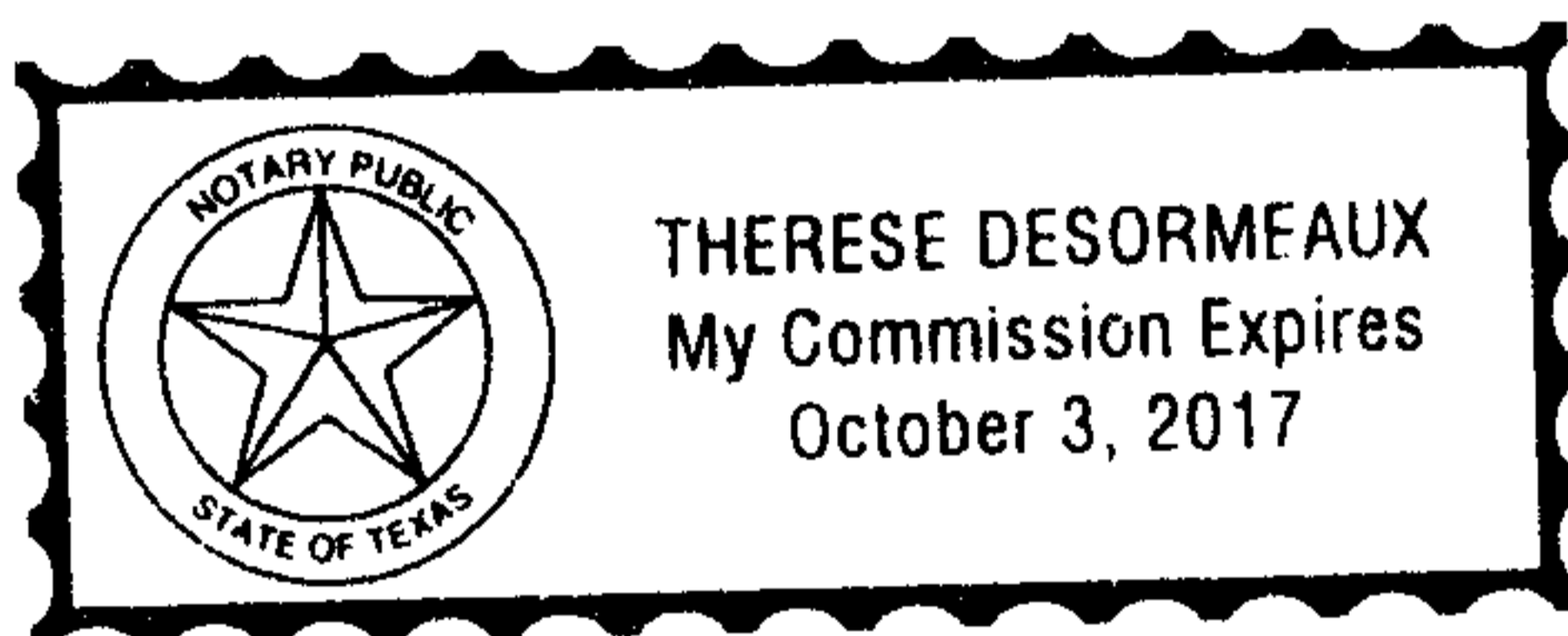
THE STATE OF TEXAS

COUNTY OF HARRIS

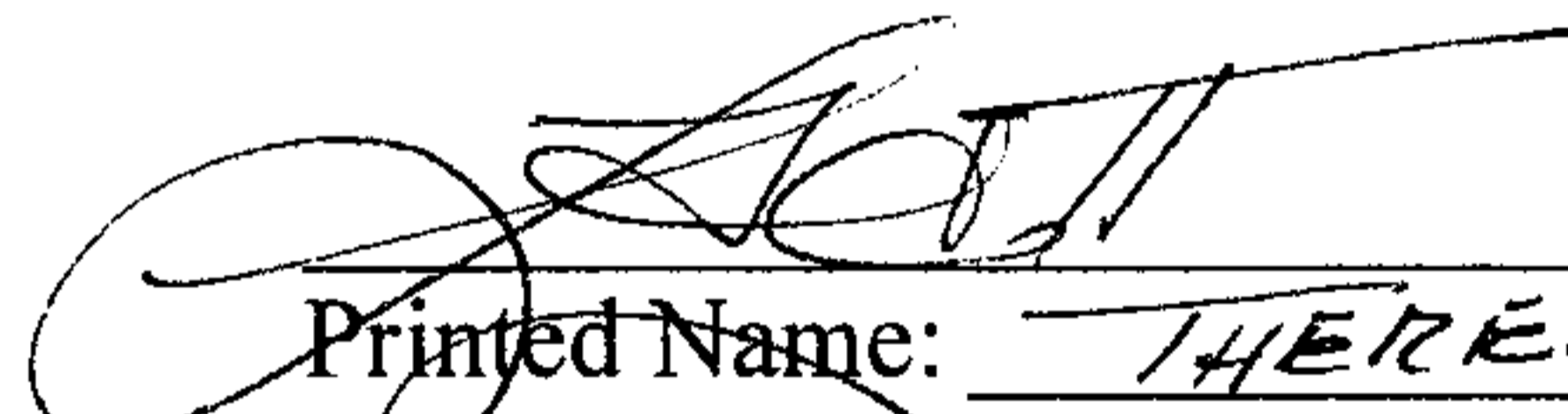
§
§
§

I, the undersigned, a notary public in and for said County in said State, hereby certify that David Bornstein, whose name as Director of Société Générale, a French Bank, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal this 1st day of July, 2014.




[NOTARIAL SEAL]


Printed Name: THERESE DESORMEAUX
Notary Public in and for
the State of Texas



20140716000217840 35/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

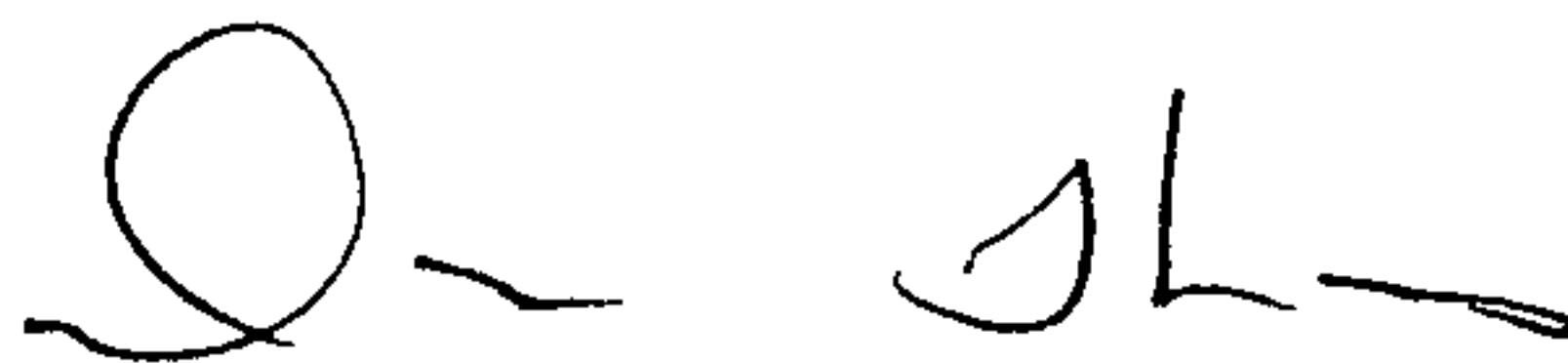
SOCIÉTÉ GÉNÉRALE FINANCIAL
CORPORATION,
as collateral agent

By: 
Name: Powell Robinson
Title: President

THE STATE OF NEW YORK §
 §
COUNTY OF NEW YORK §

I, the undersigned, a notary public in and for said County in said State, hereby certify that Powell Robinson whose name as President of Société Générale Financial Corporation, a Delaware corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.


Given under my hand and official seal this 15th day of July, 2014.



Printed Name: _____
Notary Public in and for
the State of New York

Donna Thomas
NOTARY PUBLIC, State of New York
No. 01TH4994538
Qualified in Westchester County
Certificate filed in New York County
Commission Expires April 6, 2018

[NOTARIAL SEAL]


20140716000217840 36/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

**SCHEDULE 1
RECORDING SCHEDULE**

1. Second Lien Mortgage, Security Agreement Financing Statement, Fixture Filing and Assignment of Production dated as of July 15, 2011 from Saga Resource Partners LLC, as Mortgagor to in the case of Non-Federal Collateral, Société Générale, as Administrative Agent and in the case of Federal Collateral, Société Générale Financial Corporation, as Collateral Agent for the Administrative Agent.

Jurisdiction	File Date	File No.
Tuscaloosa County, AL	7/19/2011	Mortgage Book 2011, Page 33587
Jefferson County, AL	7/20/2011	Book LR201162, Page 2666

2. UCC-1 Fixture Filing (As-Extracted/Fixture Filing) naming Saga Resource Partners LLC, as debtor, and Société Générale, as Administrative Agent and Société Générale Financial Corporation, as collateral agent for the Administrative Agent, as secured parties

Jurisdiction	File Date	File No.
Tuscaloosa County, AL	7/19/2011	UCC Book 2011, Page 3289
Jefferson County, AL	7/20/2011	Book LR201162, Page 2830

3. Second Lien Mortgage, Security Agreement Financing Statement, Fixture Filing and Assignment of Production dated as of June 14, 2013 from Saga Resource Partners LLC, as Mortgagor to in the case of Non-Federal Collateral, Société Générale, as Administrative Agent and in the case of Federal Collateral, Société Générale Financial Corporation, as Collateral Agent for the Administrative Agent.

Jurisdiction	File Date	File No.
Bibb County, AL	6/24/2013	Book RPB 282, Page 715
Jefferson County, AL	6/25/2013	Book LR201362, Page 27610
Shelby County, AL	6/24/2013	Document 20130624000257690
Tuscaloosa County, AL	6/20/2013	Mortgage Book 2013, Page 44722
Walker County, AL	6/25/2013	Book DML 2347, Page 186

4. UCC-1 Fixture Filing (As-Extracted/Fixture Filing) naming Saga Resource Partners LLC, as debtor, and Société Générale, as Administrative Agent and Société Générale Financial Corporation, as collateral agent for the Administrative Agent, as secured parties

Jurisdiction	File Date	File No.
Bibb County, AL	6/24/2013	Document 22076
Jefferson County, AL	6/25/2013	Book LR201362, Page 27652
Shelby County, AL	6/24/2013	Document 20130624000257700
Tuscaloosa County, AL	6/20/2013	UCC Book 2013, Page 1706
Walker County, AL	6/25/2013	Document 103683

Signature Page to Mortgage
(Alabama)



20140716000217840 37/46 \$119.00
Shelby Cnty Judge of Probate, AL
07/16/2014 02:36:06 PM FILED/CERT

Exhibit "A"

to

SECOND LIEN MORTGAGE, SECURITY AGREEMENT, FINANCING
STATEMENT, FIXTURE FILING AND ASSIGNMENT OF PRODUCTION

The designation "Working Interest" or "WI" or "GWI" when used in this Exhibit means an interest owned in an oil, gas, and mineral lease that determines the cost-bearing percentage of the owner of such interest. The designation "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" means that portion of the production attributable to the owner of a working interest after deduction for all royalty burdens, overriding royalty burdens or other burdens on production, except severance, production, and other similar taxes. The designation "Overriding Royalty Interest" "ORRI" means an interest in production which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the overriding royalty interest so provides, costs associated with compression, dehydration, other treating or processing, or transportation of production of oil, gas, or other minerals relating to the marketing of such production. The designation "Royalty Interest" or "RI" means an interest in production which results from an ownership in the mineral fee estate or royalty estate in the relevant land and which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the royalty interest so provides, costs associated with compression, dehydration, other treating or processing or transportation of production of oil, gas, or other minerals relating to the marketing of such production. Each amount set forth as "Working Interest" or "WI" or "GWI" or "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" is the Mortgagor's interest after giving full effect to, among other things, all Liens permitted by the Credit Agreement and after giving full effect to the agreements or instruments set forth in this Exhibit A and any other instruments or agreements affecting Mortgagor's ownership of the Hydrocarbons.

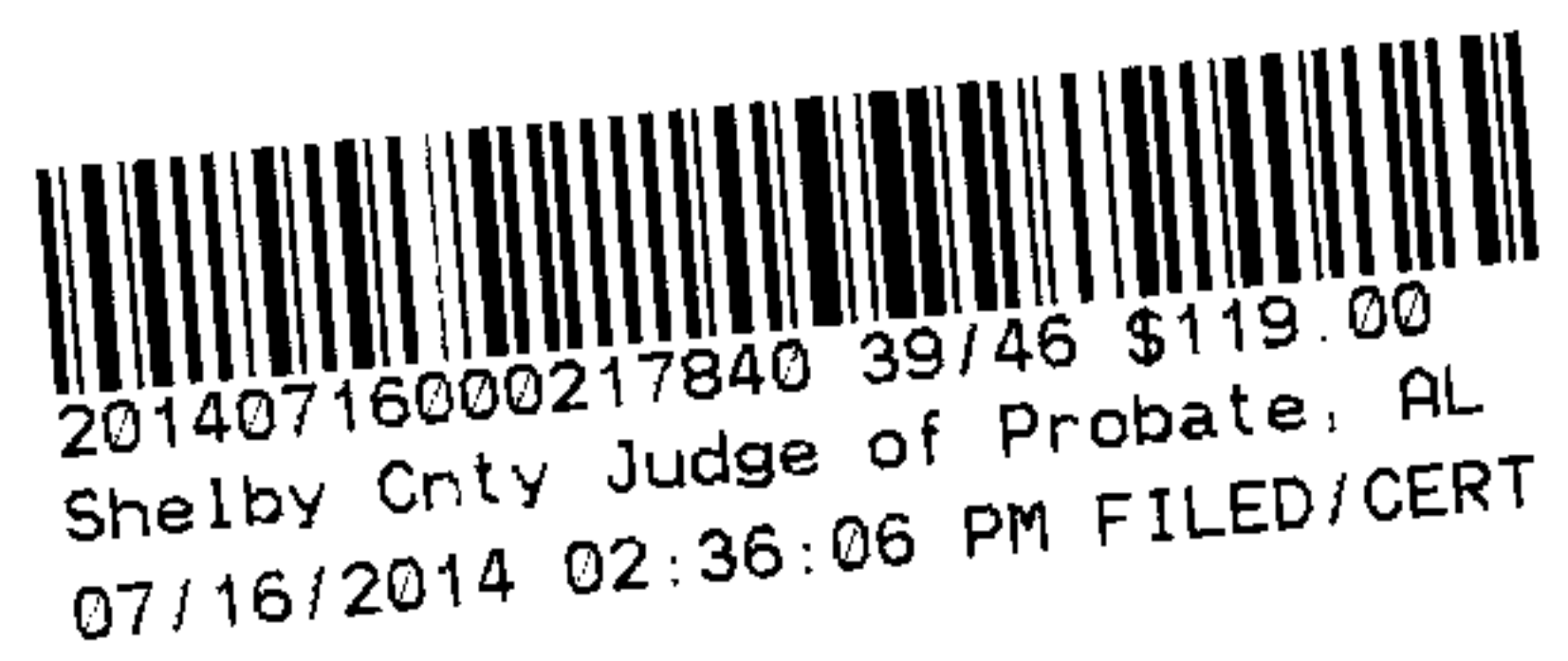
Any reference in this Exhibit A to wells or units is for warranty of interest, administrative convenience, and identification and shall not limit or restrict the right, title, interest, or Properties covered by this Mortgage and shall not be deemed to ratify or create any rights in third parties. All right, title, and interest of Mortgagor in the Properties described herein and in Exhibit A are and shall be subject to this Mortgage, regardless of the presence of any units or wells not described herein.

The reference to book or volume and page and/or entry herein and in Exhibit A refer to the recording location of each respective Realty Collateral described herein and in Exhibit A in the county where the land covered by the Realty Collateral is located.

**Assignment, Bill of Sale and Conveyance Exhibit A-1
 Leases Owned by GeoMet, Inc.
 Cahaba Prospect - Shelby County, Alabama**

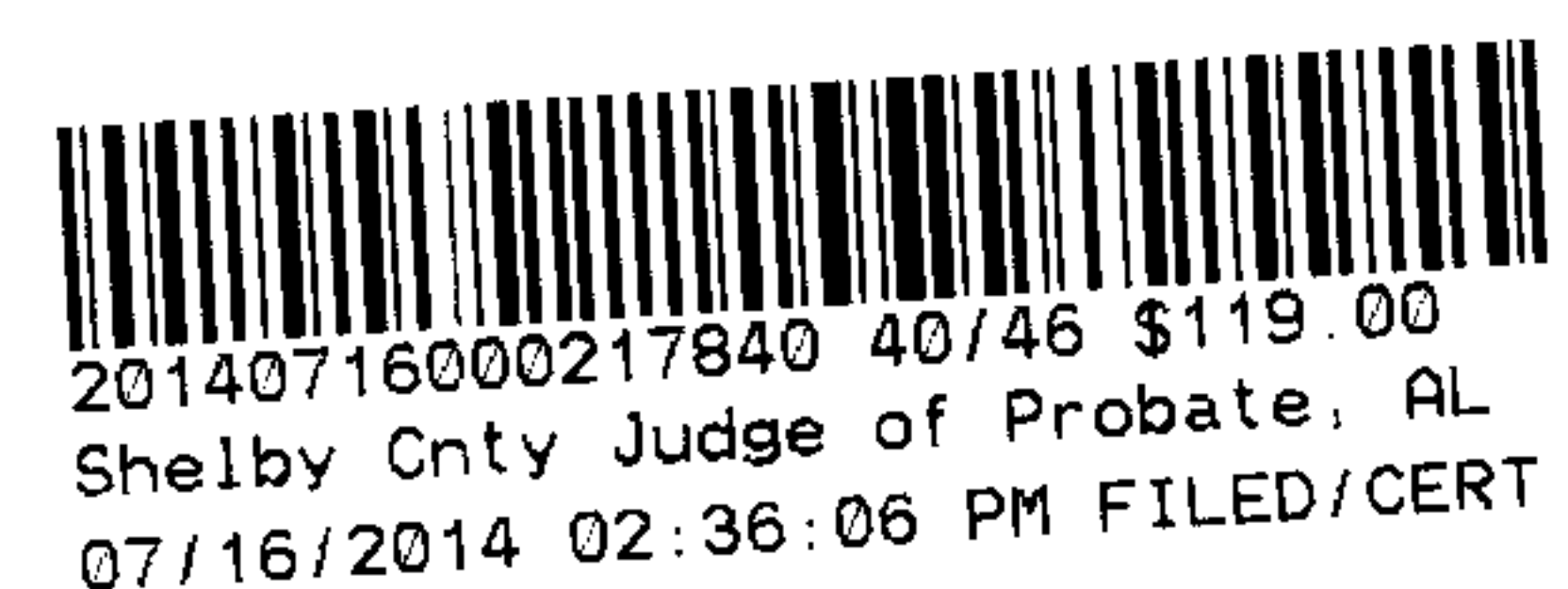
GeoMet Lease#	Lessor	Lessee	Net Acres Currently Owned*	Recording Book/Page	Lease Effective Date
AL-103-0001-00	United States Steel Corporation (lessor's mineral ownership is now owned by RGGGS Land & Minerals, Ltd)	GeoMet, Inc.	20,571.64	2002/0625000299180; 2003/041000218340; 2003/1010000683150; 2005/0602000266370	4/9/2002, as amended 3/24/03 and 8/14/03
AL-103-0009-01	Thomas Edward Chapman, Jr.	GeoMet, Inc.	6.66	2005/0601000264400	9/27/2004
AL-103-0009-02	Katherine C. McRae	GeoMet, Inc.	6.67	2005/0601000264450	9/27/2004
AL-103-0009-03	Patricia C. Latham, et al	GeoMet, Inc.	26.67	2005/0719000361250	6/15/2005
AL-103-0010-01	Nicki Jones Kennedy, et vir	GeoMet, Inc.	112.00	2005/0527000258470	4/5/2005
AL-103-0010-02	Simon G. Jones, IV	GeoMet, Inc.	112.00	2005/0527000258490	4/5/2005
AL-103-0012-00	State of Alabama Department of Conservation and Natural Resources (CBM Lease No. 47)	GeoMet, Inc.	5.12	2006/1221000622730	8/28/2006
AL-103-0013-00	State of Alabama Department of Conservation and Natural Resources (CBM Lease No. 45)	GeoMet, Inc.	8.24	2006/1221000622690	8/28/2006
AL-103-0014-00	State of Alabama Department of Conservation and Natural Resources (CBM Lease No. 46)	GeoMet, Inc.	3.92	2006/1221000622671	8/28/2006
AL-103-0022-02	Alabama Power Company and Southern Electric Generating Company (SEGCO)	CDX Sequoya, LLC, et al (now GeoMet via Partial Assignment)	140.00	2006/1215000611770 Partial Assignment of Lease as described by Memorandum recorded in 2005/0323000131220	7/9/2004
AL-103-0023-02	Bowater Alabama Inc.	CDX Sequoya, LLC (now GeoMet via Partial Assignment)	70.00	2006/1215000611770 Partial Assignment of Lease as described by Memorandum recorded in Book RPB 148, Page 500	10/12/2004
AL-103-0024-02	Kimberly-Clark Corporation	CDX Sequoya, LLC, et al (now GeoMet via Partial Assignment)	70.00	2006/1215000611770 Partial Assignment of Lease as described by Memorandum recorded in Book RPB 148, Page 508	11/29/2004
TOTAL ACRES*			21,132.92		

* - Net acreage cited herein is for recording purposes only.




**Assignment, Bill of Sale and Conveyance Exhibit B-1
Easements and Rights of Way Owned by GeoMet, Inc.
Cahaba Prospect - Shelby County, Alabama**

GeoMet ROW File #	Grantor	Grantee	Recording Book/Page	Type of Form	Date
AL-103-ROW-01	United States Steel Corporation	GeoMet, Inc.	Shelby Co. - Memorandum @ 2004/0129000048290	Gas Pipeline Easement Agreement	11/21/2003
AL-103-ROW-01.1	United States Steel Corporation	GeoMet, Inc.	Shelby Co. - Memorandum @ 2009/0914000349540	Amended and Restated Pipeline Easement Agreement	7/14/2009
AL-103-ROW-04	John E. Shepherd and Anne T. Shepherd	GeoMet, Inc.	Shelby Co. 2005/11030000573310	Right-of-Way and Easement Agreement	5/21/2004
AL-103-ROW-09 (Cahaba Waterline)	Gordon Timberlands, Ltd.	GeoMet, Inc.	Shelby Co. - Easement Affidavit @ 2011/0316000085400	Right-of-Way and Easement Agreement	Not dated
AL-103-ROW-11 (Cahaba Waterline)	Wanda M. Nabors	GeoMet, Inc.	Shelby Co. 2004/10040000544680	Right-of-Way and Easement Agreement	7/27/2004
AL-103-ROW-29B (Cahaba Waterline)	United Land Corporation	GeoMet, Inc.	Shelby Co. 2005/0211000068500	Right-of-Way and Easement Agreement	10/19/2004
AL-103-ROW-39	Albert J. Nalley	GeoMet, Inc.	Shelby Co. 2005/0215000075410	Right-of-Way and Easement Agreement	2/3/2005
AL-103-ROW-40 (Cahaba Waterline)	Alabama Power Company	GeoMet, Inc.	Shelby County - Not recorded due to type of instrument	License Agreement	4/29/2005
AL-103-ROW-41	Hawaii ERS Timberland, LLC	GeoMet, Inc.	Shelby Co. 2004/0901000490580	Grant of Easement	7/20/2004
AL-103-ROW-42	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2004/0901000490590	Grant of Easement	7/20/2004
AL-103-ROW-43	Southern Electric Generating Company	GeoMet, Inc.	Shelby Co. 2005/0422000192500	Right-of-Way and Easement Agreement	3/14/2005
AL-103-ROW-46	Lee M. Pearson, Jr., et ux, and David L. Pearson	GeoMet, Inc.	Shelby Co. Memorandum @ 2005/0422000192500	Right-of-Way and Easement Agreement	3/23/2005
AL-103-ROW-47	Bill Everett	GeoMet, Inc.	Shelby Co. 2005/0422000192500	Right-of-Way and Easement Agreement	2/3/2005
AL-103-ROW-50	Kodiak Mining Company, L.L.C.	GeoMet, Inc.	Shelby Co. 2006/0510000220530	Surface Use Agreement	3/30/2006
AL-103-ROW-51	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2009/1214000456360	Grant of Easement	4/24/2006
AL-103-ROW-52	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2009/1214000456350	Grant of Easement	4/24/2006
AL-103-ROW-53	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2009/1214000456340	Grant of Easement	4/24/2006
AL-103-ROW-54	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2009/1214000456330	Grant of Easement	4/24/2006



**Assignment, Bill of Sale and Conveyance Exhibit B-1
Easements and Rights of Way Owned by GeoMet, Inc.
Cahaba Prospect - Shelby County, Alabama**

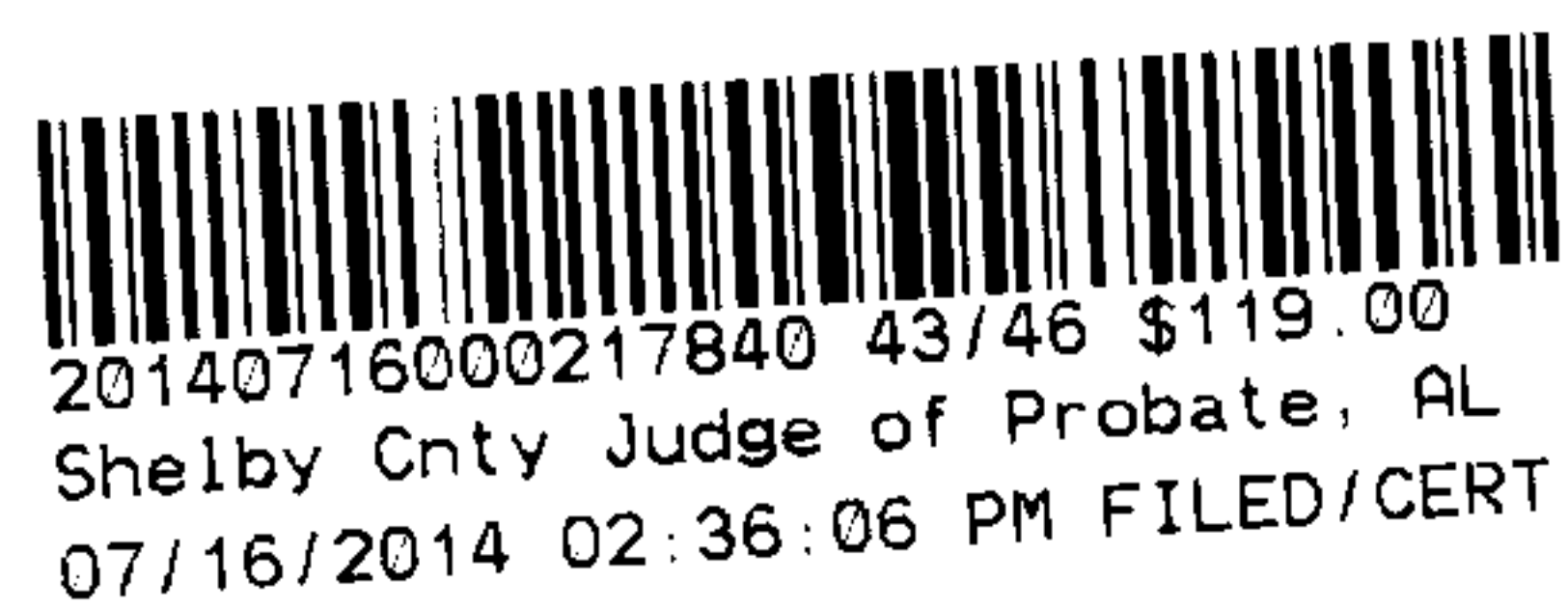
GeoMet ROW File #	Grantor	Grantee	Recording Book/Page	Type of Form	Date
AL-103-ROW-55	John Hancock Life Insurance Company	GeoMet, Inc.	Shelby Co. 2009/1214000456320	Grant of Easement	4/24/2006
AL-103-ROW-56	Hawaii ERS Timberland, LLC	GeoMet, Inc.	Shelby Co. 2009/1214000456300	Grant of Easement	4/21/2006
AL-103-ROW-57	GeoMet, Inc. (as lessee to surface use rights owned by United States Steel Corporation)	Alabama Power Company	Shelby Co - Not recorded due to type of instrument	Easement - Distribution Facilities (authority for APC to provide electrical service)	7/5/2006
AL-103-ROW-63	John Hancock Life Insurance, Cahaba Forests, LLC and Hawaii ERS Timberland, LLC	GeoMet, Inc.	Shelby Co. 2007/0427000195440	Surface Use Agreement	3/26/2007
AL-103-ROW-67	Hope Coal Company, Inc.	GeoMet, Inc.	Shelby Co. 2008/0208000054500	Surface Use Agreement	5/11/2007
AL-103-ROW-76	State of Alabama - Dept of Conservation and Natural Resources - State Lands Division	GeoMet, Inc.	Shelby Co. 2013/0410000148000	Submerged Pipeline ROW (Contract Application #ALNW04-02431-K)	8/22/2012
AL-103-ROW-82	Colonial Pipeline Company	GeoMet	Shelby Co. - Not recorded due to type of instrument	Encroachment Agreement CPC Loc. 401, Line No. 1 & 2	2/1/2005


 20140716000217840 41/46 \$119.00
 Shelby Cnty Judge of Probate, AL
 07/16/2014 02:36:06 PM FILED/CERT

Assignment, Bill of Sale and Conveyance Exhibit A-2				
Wells Owned by GeoMet, Inc.				
Cahaba Prospect - Shelby County, Alabama				
CaseName	Field	InitWrkInt	InitRevInt	API
USS 12-12-019A	GURNEE	1	0.815	01117204890000
USS 12-06-014	GURNEE	1	0.815	01117204620000
CHAPMAN 34-03-547	GURNEE	1	0.83	01117206700000
USS 06-10-005	GURNEE	1	0.815	01117205180000
USS 01-14-012	GURNEE	1	0.815	01117204870000
RGGS 33-16-145	GURNEE	1	0.815	01117205400000
RGGS 24-06-105	GURNEE	1	0.815	01117205970000
USS 27-14-093	GURNEE	1	0.815	01117205060000
RGGS 29-12-245	GURNEE	1	0.815	01117207190000
RGGS 31-16 153	GURNEE	1	0.815	01117205570000
RGGS 02-15-544	GURNEE	1	0.815	01117265500000
RGGS 36-08-235	GURNEE	1	0.815	01117207920000
USS 26-10-107	GURNEE	1	0.815	01117205070000
RGGS 07-06-146	GURNEE	1	0.815	01117205450000
RGGS 27-13-129	GURNEE	1	0.815	01117207900000
USS 26-02-109	GURNEE	1	0.815	01117204760000
USS 01-10-011	GURNEE	1	0.815	01117204910000
USS 07-02-026	GURNEE	1	0.815	01117205210000
RGGS 10-12-238	GURNEE	1	0.815	01117207290000
USS 23-16-110	GURNEE	1	0.815	01117204790000
RGGS 11-01-147	GURNEE	1	0.815	01117205290000
USS 13-04-033	GURNEE	1	0.815	01117204630000
RGGS 34-10-095	GURNEE	1	0.815	01117205420000
RGGS 35-02-101	GURNEE	1	0.815	01117205580000
USS 26-12-113	GURNEE	1	0.815	01117205110000
USS 27-16-115	GURNEE	1	0.815	01117205020000
USS 27-10-116	GURNEE	1	0.815	01117205080000
RGGS 10-10-559	GURNEE	1	0.815	01117207730000
USS 12-04-015	GURNEE	1	0.815	01117204600000
USS 11-16-034	GURNEE	1	0.815	01117204530000
RGGS 36-11-442	GURNEE	1	0.815	01117207440000
USS 22-10-139	GURNEE	1	0.815	01117204800000
RGGS 02-11-047	GURNEE	1	0.815	01117206500000
RGGS 02-05-447	GURNEE	1	0.815	01117207890000
USS 07-10-141	GURNEE	1	0.815	01117205100000
RGGS 21-12-076	GURNEE	1	0.815	01117206740000
USS 06-04-006	GURNEE	1	0.815	01117205170000
RGGS 01-04-162	GURNEE	1	0.815	01117206240000
USS 23-14-121	GURNEE	1	0.815	01117204880000
USS 23-02-059	GURNEE	1	0.815	01117204660000
RGGS 33-09-553	GURNEE	1	0.815	01117207880000
USS 12-16-020	GURNEE	1	0.815	01117204850000
USS 14-10-055	GURNEE	1	0.815	01117205490000
RGGS 30-16-246	GURNEE	1	0.815	01117207210000
RGGS 20-16-170	GURNEE	1	0.815	01117206510000
RGGS 29-02-171	GURNEE	1	0.815	01117207200000



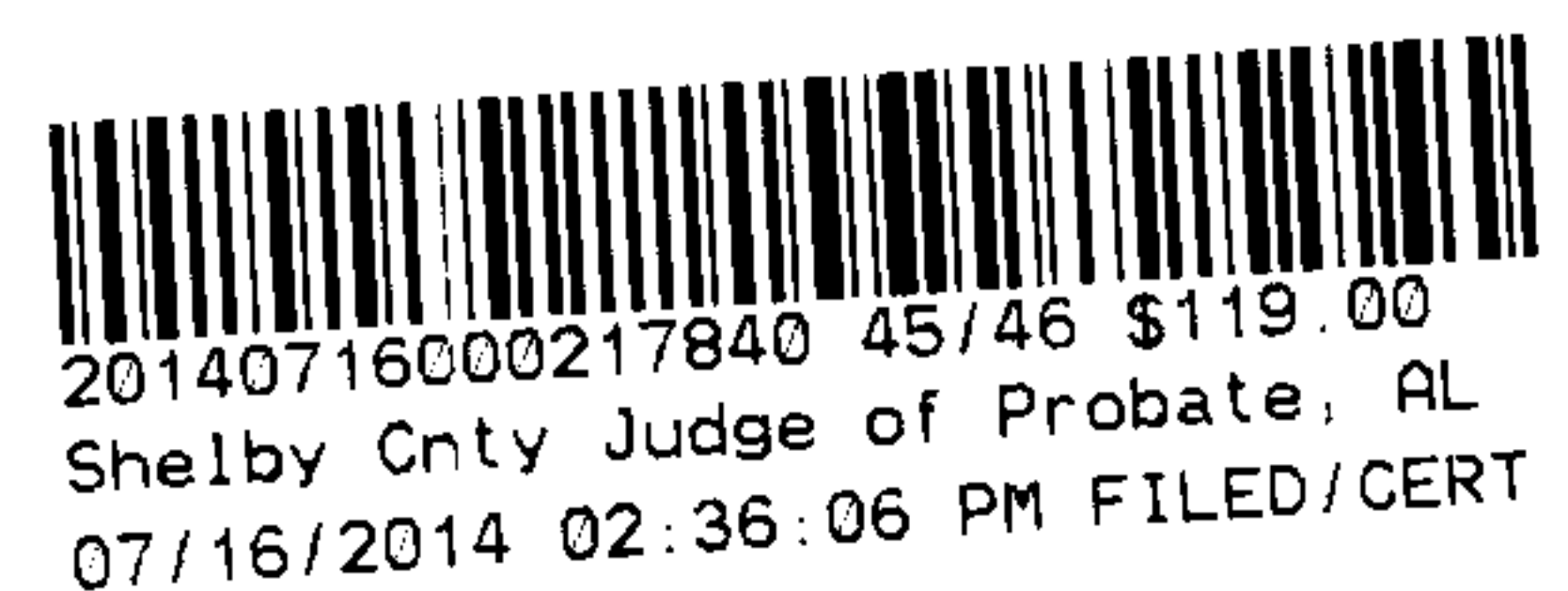
Assignment, Bill of Sale and Conveyance Exhibit A-2				
Wells Owned by GeoMet, Inc.				
Cahaba Prospect - Shelby County, Alabama				
CaseName	Field	InitWrkInt	InitRevInt	API
USS 23-10-111	GURNEE	1	0.815	01117204780000
RGGS 31-14-152	GURNEE	1	0.815	01117205520000
USS 01-08-008	GURNEE	1	0.815	01117205120000
USS 07-12-021	GURNEE	1	0.815	01117204920000
RGGS 14-01-134	GURNEE	1	0.815	01117207720000
RGGS 15-03-543	GURNEE	1	0.815	01117206620000
USS 12-08-023	GURNEE	1	0.815	01117204730000
USS 06-06-004	GURNEE	1	0.815	01117205190000
USS 26-08-108	GURNEE	1	0.815	01117204770000
USS 10-16-042	GURNEE	1	0.815	01117204540000
RGGS 21-02-164	GURNEE	1	0.815	01117205710000
USS 07-14-022	GURNEE	1	0.815	01117205220000
USS 06-02-002	GURNEE	1	0.815	01117205230000
RGGS 10-08-150	GURNEE	1	0.815	01117205560000
RGGS 31-08-247	GURNEE	1	0.815	01117207010000
RGGS 10-05-450	GURNEE	1	0.815	01117207100000
USS 10-09-043	GURNEE	1	0.815	01117204860000
USS 15-05-140	GURNEE	1	0.815	01117204970000
RGGS 31-07-248	GURNEE	1	0.815	01117206910000
USS 06-12-007	GURNEE	1	0.815	01117205160000
USS 22-02-061	GURNEE	1	0.815	01117204950000
RGGS 24-14-104	GURNEE	1	0.815	01117205960000
RGGS 36-15-161	GURNEE	1	0.815	01117205800000
USS 28-09-079	GURNEE	1	0.815	01117205480000
RGGS 34-06-094	GURNEE	1	0.815	01117205430000
RGGS 01-06-143	GURNEE	1	0.815	01117205260000
RGGS 32-09-180	GURNEE	1	0.815	01117206340000
RGGS 32-04-136	GURNEE	1	0.815	01117207860000
RGGS 10-02-237	GURNEE	1	0.815	01117207050000
USS 24-04-056	GURNEE	1	0.815	01117204960000
RGGS 11-05-149	GURNEE	1	0.815	01117205270000
RGGS 20-09-060	GURNEE	1	0.815	01117207060000
USS 27-12-092	GURNEE	1	0.815	01117205050000
USS 01-12-013	GURNEE	1	0.815	01117205240000
USS 22-08-125	GURNEE	1	0.815	01117204700000
RGGS 01-07-560	GURNEE	1	0.815	01117207910000
RGGS 28-16-087	GURNEE	1	0.815	01117205310000
USS 27-08-117	GURNEE	1	0.815	01117205030000
RGGS 29-05-244	GURNEE	1	0.815	01117207280000
RGGS 31-14-250	GURNEE	1	0.815	01007202420000
USS 15-02-051	GURNEE	1	0.815	01117204560000
USS 23-12-123	GURNEE	1	0.815	01117204690000
RGGS 21-03-075	GURNEE	1	0.815	01117205810000
RGGS 10-14-046	GURNEE	1	0.815	01117205470000
USS 27-02-119	GURNEE	1	0.815	01117205010000
USS 11-07-039	GURNEE	1	0.815	01117204570000




Assignment, Bill of Sale and Conveyance Exhibit A-2				
Wells Owned by GeoMet, Inc.				
Cahaba Prospect - Shelby County, Alabama				
CaseName	Field	InitWrkInt	InitRevInt	API
RGGS 29-14-174	GURNEE	1	0.815	01117206690000
RGGS 33-10-080	GURNEE	1	0.815	01117205590000
RGGS 27-01-120	GURNEE	1	0.815	01117206600000
RGGS 27-05-540	GURNEE	1	0.815	01117206540000
RGGS 13-13-052	GURNEE	1	0.815	01117206260000
USS 11-11-038	GURNEE	1	0.815	01117204580000
USS 26-06-114	GURNEE	1	0.815	01117205500000
RGGS 31-03-234	GURNEE	1	0.815	01117206680000
USS 23-08-057	GURNEE	1	0.815	01117204670000
USS 14-08-035	GURNEE	1	0.815	01117204640000
USS 02-16-017	GURNEE	1	0.815	01117204900000
RGGS 29-03-243	GURNEE	1	0.815	01117207020000
RGGS 31-08-158	GURNEE	1	0.815	01117205840000
RGGS 32-03-177	GURNEE	1	0.815	01117206310000
RGGS 24-12-106	GURNEE	1	0.815	01117205980000
RGGS 22-11-542	GURNEE	1	0.815	01117206630000
USS 23-06-058	GURNEE	1	0.815	01117204650000
USS 22-07-067	GURNEE	1	0.815	01117205000000
RGGS 32-01-642	GURNEE	1	0.815	01117208480000
RGGS 31-06-173	GURNEE	1	0.815	01117205950000
RGGS 32-06-641	GURNEE	1	0.815	01117208400000
USS 14-02-037	GURNEE	1	0.815	01117204550000
RGGS 22-04-555	GURNEE	1	0.815	01117208170000
USS 26-04-126	GURNEE	1	0.815	01117204740000
USS 15-11-050	GURNEE	1	0.815	01117204510000
RGGS 32-10-643	GURNEE	1	0.815	01117208500000
RGGS 31-03-137	GURNEE	1	0.815	01117207820000
RGGS 33-05-552	GURNEE	1	0.815	01117207840000
RGGS 11-14-558	GURNEE	1	0.815	01117207710000
USS 06-08-003	GURNEE	1	0.815	01117205200000
USS 15-16-062	GURNEE	1	0.815	01117204930000
USS 27-06-118	GURNEE	1	0.815	01117205040000
RGGS 33-06-156	GURNEE	1	0.815	01117205670000
RGGS 33-14-157	GURNEE	1	0.815	01117205600000
RGGS 22-12-070	GURNEE	1	0.815	01117205370000
USS 11-13-040	GURNEE	1	0.815	01117204590000
RGGS 31-07-645	GURNEE	1	0.815	01117208460000
USS 06-14-025	GURNEE	1	0.815	01117205150000
USS 22-03-069	GURNEE	1	0.815	01117204940000
RGGS 06-04-648	GURNEE	1	0.815	01117208440000
RGGS 27-04-082	GURNEE	1	0.815	01117205910000
USS 23-04-066	GURNEE	1	0.815	01117204680000
USS 15-10-063	GURNEE	1	0.815	01117204710000
RGGS 31-10-249	GURNEE	1	0.815	01117206900000
USS 22-05-071	GURNEE	1	0.815	01117204990000
USS 15-07-049	GURNEE	1	0.815	01117204490000



Assignment, Bill of Sale and Conveyance Exhibit A-2				
Wells Owned by GeoMet, Inc.				
Cahaba Prospect - Shelby County, Alabama				
CaseName	Field	InitWrkInt	InitRevInt	API
RGGS 33-07-546	GURNEE	1	0.815	01117207410000
RGGS 32-02-176	GURNEE	1	0.815	01117206100000
RGGS 22-06-541	GURNEE	1	0.815	01117206610000
USS 15-08-048	GURNEE	1	0.815	01117204500000
RGGS 28-02-085	GURNEE	1	0.815	01117205690000
RGGS 29-10-074	GURNEE	1	0.875	01117208540000
RGGS 33-11-088	GURNEE	1	0.815	01117205360000
RGGS 34-12-096	GURNEE	1	0.815	01117205340000
RGGS 31-15-625	GURNEE	1	0.815	01007203460000
RGGS 01-02-144	GURNEE	1	0.815	01117205250000
RGGS 02-09-016	GURNEE	1	0.815	01117205540000
RGGS 32-07-561	GURNEE	1	0.815	01117207850000
RGGS 31-10-159	GURNEE	1	0.815	01117205820000
RGGS 21-16-083	GURNEE	1	0.815	01117205750000
RGGS 15-09-651	GURNEE	1	0.875	01117208530000
RGGS 36-16-548	GURNEE	1	0.815	01117206750000
RGGS 31-12-160	GURNEE	1	0.815	01117205830000
RGGS 29-08-077	GURNEE	1	0.815	01117206110000
RGGS 31-02-172	GURNEE	1	0.815	01117206090000
RGGS 31-12-646	GURNEE	1	0.815	01117208450000
RGGS 32-12-181	GURNEE	1	0.815	01117206330000
RGGS 32-08-179	GURNEE	1	0.815	01117206480000
RGGS 33-08-089	GURNEE	1	0.815	01117205330000
RGGS 33-04-155 A	GURNEE	1	0.815	01117206490000
RGGS 22-01-652	GURNEE	1	0.875	01117208560000
RGGS 29-16-175	GURNEE	1	0.845	01117208520000
RGGS 32-10-644	GURNEE	1	0.815	01117208490000
RGGS 33-02-086	GURNEE	1	0.815	01117205320000
RGGS 29-14-653	GURNEE	1	0.875	01117208550000
RGGS 33-12-640	GURNEE	1	0.815	01117208420000
RGGS 28-13-168	GURNEE	1	0.815	01117207030000
RGGS 31-07-131	GURNEE	1	0.815	01117207870000
RGGS 10-09-539	GURNEE	1	0.815	01117206560000
RGGS 15-04-044	GURNEE	1	0.815	01117205380000
RGGS 11-04-545	GURNEE	1	0.815	01117206670000
RGGS 22-14-090	GURNEE	1	0.815	01117205300000
USS 12-02-010	GURNEE	1	0.815	01117204720000
RGGS 36-13-443	GURNEE	1	0.815	01117207420000
RGGS 11-13-148A	GURNEE	1	0.815	01117205510000
USS 22-16-122	GURNEE	1	0.815	01117204810000
USS 12-14-031	GURNEE	1	0.815	01117204610000
RGGS 02-08-169	GURNEE	1	0.815	01117206250000
RGGS 02-14-163	GURNEE	1	0.815	01117205550000
USS 11-09-018	GURNEE	1	0.815	01117204830000



Assignment, Bill of Sale and Conveyance Exhibit A-2				
Wells Owned by GeoMet, Inc.				
Cahaba Prospect - Shelby County, Alabama				
CaseName	Field	InitWrkInt	InitRevInt	API
RGGS 23-15-130	GURNEE	1	0.815	01117208240000
RGGS 26-16-127	GURNEE	1	0.815	01117206440000
RGGS 26-14-112	GURNEE	1	0.815	01117205390000
RGGS 34-13-138	GURNEE	1	0.815	01117207430000
RGGS 34-02-128	GURNEE	1	0.815	01117205410000
RGGS 35-06-102	GURNEE	1	0.815	01117205640000
RGGS 34-04-091	GURNEE	1	0.815	01117205350000
RGGS 31-11-135A	GURNEE	1	0.815	01117207940000
RGGS 31-09-649	GURNEE	1	0.815	01117208510000
RGGS 21-06-165	GURNEE	1	0.815	01117208310000
RGGS 32-06-178	GURNEE	1	0.815	01117206320000
RGGS 05-04-001	GURNEE	1	0.815	01117205440000
USS 2-12-01 SWD	GURNEE	1	N/A SWD	01117204520000
USS 07-04-24	GURNEE	1	0.815	01117204980000
USS 01-16-09	GURNEE	1	0.815	01117204840000
RGGS 09-16-484	GURNEE	1	0.815	01117207930000
RGGS 21-07-72	GURNEE	1	0.815	01117205740000
RGGS 34-8-98	GURNEE	1	0.815	01117205530000
RGGS 35-04-99	GURNEE	1	0.815	01117205630000
RGGS 35-12-97	GURNEE	1	0.815	01117205650000
SEGCO 16-16-556	GURNEE	1	0.8	01117208290000
SEGCO 16-15-557	GURNEE	1	0.8	01117208430000
SEGCO 15-13-554	GURNEE	1	0.8	01117208410000
SEGCO 15-14-068	GURNEE	1	0.8	01117208320000


 20140716000217840 46/46 \$119.00
 Shelby Cnty Judge of Probate, AL
 07/16/2014 02:36:06 PM FILED/CERT