

**PLUGGING AND
ABANDONMENT
TRUST AGREEMENT**

(Model Agreement)

OCS _____

Area name

Block number

Month Day, Year

**Plugging and Abandonment
Trust Agreement**

This Trust Agreement (the "Agreement") as amended, supplemented, or restated, from time to time, is dated effective as of Month Day, Year and is entered into, by, and among the following parties:

Financial Institution, a national banking association (together with its successors and substitutes in trust, pursuant to the terms hereof, the "Trustee"),

Company name, a name of State corporation (the "Settlor"); and

The United States of America, acting by and through the Minerals Management Service of the United States Department of the Interior (the "Beneficiary").

WHEREAS, to fulfill certain obligations, the Settlor and the Beneficiary have entered into this Agreement; and

WHEREAS, for the Area name Block number, the Settlor has established account number _____, maintained with the Trustee (the "Trust Account"); and

WHEREAS, the Trustee is willing to serve as trustee of the Trust Account, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINED TERMS**

(R) 1.1 Terms Defined Above. As used in this Agreement, the terms 'Beneficiary', 'Settlor', 'Trust Account', and 'Trustee' are defined above.

(R) 1.2 Defined Terms. As used in this Agreement, the following terms, unless the context otherwise requires, shall have the following meanings:

“Cash Equivalents” shall mean (a) demand deposits at the Trustee; (b) certificates of deposit with maturities of no more than one year from the date of acquisition, issued by the Trustee; (c) money-market funds, offered through the Trustee, secured by debt securities issued, directly and fully guaranteed, or insured by the United States Government or any agency or instrumentality thereof; (d) commercial paper of a domestic issuer, rated, at the date of acquisition, at least P-2 by Moody’s Investor Service, Inc. or A-2 by Standard & Poor’s Corporation; or (e) repurchase agreements, covering debt securities or commercial paper of the type described above in this definition.

“Property” shall mean the location(s) identified in the introduction section of this Agreement, as well as any facilities, structures, or equipment located thereon.

“Trust Funds” shall mean all funds deposited into the Trust Account by the Settlor; interest earned, on such funds and other property, deposited in the Trust Account; and all certificates, instruments, and documents representing, evidencing, or issued in connection therewith, and all proceeds thereof.

(R) 1.3 Other Definitional Provisions. (a) The words ‘hereby’, ‘herein’, ‘hereinafter’, ‘hereinabove’, ‘hereinbelow’, ‘hereof’, ‘hereto’ and ‘hereunder’, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular article, section, or provision of this Agreement.

(b) Reference to any article, section, exhibit, or schedule refers to this Agreement, unless otherwise specified.

ARTICLE II

(R) DECLARATION OF TRUST

2.1 Appointment of Trustee. The Settlor and the Beneficiary hereby appoint the Trustee as the Trustee under this Agreement and the Trustee hereby accepts such appointment.

2.2. Transfer of Funds. Pursuant to Schedule A, the Settlor shall, from time to time, deposit money into the Trust Account. Any and all funds so transferred into the Trust Account are deemed subject to this Agreement and shall be held by the Trustee, pursuant to the terms of this Agreement.

(R) 2.3 Declaration of Trust. The Trustee declares that it will hold, on behalf of the Settlor, all Trust Funds to (a) satisfy any and all plugging and abandonment obligations of the Settlor, with respect to the Property and (b) for the use and benefit of the Beneficiary, pursuant to the terms of this Agreement.

(R) 2.4 Control and Administration of Trust Funds. (a) Except upon termination of this Agreement, pursuant to Section 5.11, the Trustee, without written concurrence of Beneficiary, as provided herein, shall not permit the Settlor to (i) withdraw or transfer any of the Trust Funds from the Trust Account Funds; (ii) deliver or transfer any Trust Funds to any person or entity; (iii) direct the Trustee, with respect to the Trust Funds; or (iv) use the Trust Funds as collateral to secure any other obligation or indebtedness. The Trustee shall not permit the Beneficiary to withdraw or transfer, from the Trust Account, any of the Trust Funds, other than as provided for herein.

(b) The Settlor and the Beneficiary direct the Trustee to invest all Trust Funds in interest bearing Cash Equivalents.

(R) 2.5 Periodic Account Statements; Further Information. The Trustee shall provide to the Settlor and the Beneficiary monthly statements detailing all transactions affecting the Trust Funds and, promptly following the written request of the Settlor or the Beneficiary, any information regarding the Trust Funds that the Settlor or the Beneficiary may reasonably request.

(R) 2.6 Representations and Warranties. (a) The Trustee represents and warrants to the Settlor and the Beneficiary that (i) the Trust Funds do not and shall not secure or serve as collateral for any obligation or indebtedness of the Settlor, or any other person or entity, to the Trustee and (ii) the Trustee has not received any prior notice of any other assignment of, grant of security interest in, pledge of, or claim against any of the Trust Funds. (b) The Settlor represents and warrants to the Trustee and the Beneficiary that the Settlor has not received any prior notice of any other assignment, grant of security interest in, pledge of, or claim against any of the Trust Funds.

(R) 2.7 Waiver of Right to Set-Off. The Trustee hereby waives all claims and rights of set-off and banker's and other possessory liens against the Trust Funds. The Trustee agrees not to set-off or reduce the amounts to be paid on the Trust Funds by reason of any liability or obligation that the Settlor or any other person or entity may have to the Trustee. The Trustee acknowledges and agrees that its obligation to transfer all amounts owing, with respect to the Trust Funds, in accordance with the instructions of the Beneficiary, not in conflict with the terms hereof, is absolute and unconditional.

(R) 2.8 Fees of Trustee. The Trustee shall receive its usual and customary fees, expenses, and other charges, as set forth on Schedule B, attached hereto. The Trustee's fees, expenses, and other charges shall be the responsibility of the Settlor and the Trustee shall have no priority, with respect to the Trust Funds, for such purposes and shall not be entitled to any compensation from the Beneficiary, in performing this Agreement.

(R) 2.9 Books, Records and Tax Returns. The Trustee shall maintain appropriate books and records, relating to the receipt and disbursement of all Trust Fund monies. The Trustee agrees to sign and/or file all returns, with respect to taxes, as the Settlor may cause to be prepared and direct the Trustee to sign and/or file. The Trustee shall be entitled to have such tax returns reviewed, prior to signing or filing, and the cost of such review shall be paid by Settlor, as an expense of the Trust.

The Trustee shall have no liability for any tax due and payable, in connection with this Agreement, except for taxes based upon or measured by amounts paid to the Trustee as fees or compensation, under this Agreement. All taxes due on interest earned, with respect to the Trust Funds, are the responsibility of the Settlor and shall not be paid from the Trust Funds.

(R) 2.10 Scope of Undertaking. The duties and responsibilities of the Trustee, in connection with this Agreement, will be purely ministerial and limited to the duties and responsibilities expressly set forth in this Agreement. The Trustee is not a principal, participant, or beneficiary in any transaction underlying this Agreement and will have no duty to inquire beyond the terms and provisions hereof. The Trustee will not be required to exercise any discretion hereunder and will have no responsibility with respect to investment or management of Trust Funds, other than to act in accordance with the written instructions, provided herein, that all funds shall be maintained in interest bearing Cash Equivalents. The Trustee will never be required to use, advance, or risk its own funds or otherwise incur financial liability, in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Trustee may rely on and will not be liable for acting or refraining from acting upon any written notice, instruction, request, or other communication, furnished to it, pursuant to this Agreement and believed by it to have been signed or presented by the proper party or parties.

The Trustee is authorized, in its sole discretion, to disregard any and all notices or instructions given by any other party hereto or by any other person, firm, or corporation, which is not a party to this Agreement, except as to (i) such notices or instructions provided for herein this Agreement and (ii) orders or process of any Federal court entered or issued with or without jurisdiction.

If any property or Trust Funds subject hereto is/are, at any time, attached, garnished, or levied upon under any Federal court order; or in case the payment, assignment, transfer, conveyance, or delivery of any such property shall be stayed or enjoined by Federal court order; or, in case court order, judgement, or decree, shall be made or entered by Federal court affecting such property or any part hereof, then, and in any of such events, the Trustee is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgement, or decree with which it is advised, by legal counsel of its own choosing, is binding upon it, provided that the Trustee shall not take any action until eleven (11) days after entry of such order, writ, judgement, or decree. Trustee, upon compliance with any such order, writ, judgement, or decree, shall not be liable to any other party hereto or to any other person, firm, or corporation, by reason of such compliance, even though such order, writ, judgement, or decree may be subsequently reversed, modified, annulled, set aside, or vacated; unless such order, writ, judgement, or decree has been stayed by court order pending appeal.

The Trustee may rely and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the appropriate party or parties (including, without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by an authorized officer).

The Trustee shall make a reasonable effort to verify the validity and genuineness of any documents mentioned in this paragraph. If the Trustee has made such a reasonable effort, the Trustee shall not be responsible for the sufficiency, accuracy, form, execution, validity, or genuineness of documents or securities presented to it; nor shall it be responsible or liable, in any respect, on account of the identity, authority, or rights of any person executing, depositing, delivering, or purporting to execute, deposit, or deliver any such document, security, endorsement, or this Agreement, or on account of or by reason of forgeries, false representations, or the exercise of its discretion, in any particular manner.

The Trustee shall not be liable for any damage, loss, liability, or delay caused by accidents, strikes, fire, flood, war, riot, equipment breakdown, electrical or mechanical failure, acts of God, or any cause which is reasonably unavoidable or beyond its reasonable control.

The Trustee may consult with legal counsel, of its own choosing, reasonably acceptable to Settlor and Beneficiary, who will not unreasonably withhold their consent to counsel, and shall be entitled to advice of such legal counsel, concerning all matters of this Trust Agreement. The Trustee may act upon the opinion or advice of such legal counsel, in the exercise of its reasonable care.

Settlor hereby agrees to protect, defend, indemnify, and hold harmless the Trustee against and from any and all costs, losses, liabilities, expenses (including counsel fees and expenses), and claims imposed upon or asserted against the Trustee, on account of any action taken or omitted to be taken, in connection with its acceptance of or performance of its duties and obligations, under this Agreement, except as a result of its gross negligence or willful malfeasance, as well as the costs and expenses of defending itself against any claim or liability, arising out of or relating to this Agreement. This indemnification shall survive the release, discharge, termination, and/or satisfaction of the Agreement. If Settlor is required to make payment to the Trustee, with respect to any claims asserted under this Section 2.10, such payment shall not be deducted from the Trust Funds, but shall be paid from Settlor's corporate resources.

ARTICLE III

(R) RESIGNATION AND REMOVAL OF TRUSTEE: APPOINTMENT OF SUCCESSORS

(R) 3.1 Resignation; Removal; Successor Trustee. The Trustee or any successor thereto may, with respect to the trust created hereby, resign at any time, without cause, by giving at least thirty (30) days prior written notice to the Settlor and the Beneficiary, such resignation to be effective on the date of appointment of a successor Trustee, as hereinafter provided. In the case of the resignation of the Trustee, the Settlor and the Beneficiary will appoint a successor Trustee, by written instrument, signed by the Settlor and the Beneficiary.

In the event the Settlor and the Beneficiary shall not have appointed a successor Trustee within thirty (30) days after such resignation by the Trustee, the Trustee will continue as Trustee and may, at the sole expense of the Settlor, apply to a court (the "Court") in State, having jurisdiction, to appoint a successor Trustee to act effective as of the date specified by the Court, until such time, if any, as a

successor is appointed by the Settlor and the Beneficiary, as above provided. Any successor Trustee so appointed, by such Court, will immediately and without further act be superseded by any successor Trustee thereafter appointed by the Settlor and the Beneficiary, as above provided. In addition, the Settlor and the Beneficiary may at any time remove the Trustee, with or without cause, by written notice to the Trustee, signed by the Settlor and the Beneficiary, designating the effective date of any such removal and the party to serve as successor Trustee. A successor Trustee hereunder will be deemed the Trustee for all purposes hereof and each reference herein to the Trustee will thereafter be deemed to refer to such successor.

(R) 3.2 Acceptance of Appointment. Any successor Trustee, whether appointed by the Court or by the Settlor and the Beneficiary, will execute and deliver to its predecessor Trustee an instrument reasonably satisfactory to such predecessor Trustee accepting the appointment and thereupon, such successor Trustee, without further act, will become vested with all the estates, properties, rights, powers, duties, and trusts of the predecessor Trustee, under this Agreement, with like effect as if the successor had been originally named as Trustee in this Agreement.

Upon the written request of such successor Trustee, such predecessor Trustee will execute and deliver an instrument reasonably satisfactory to such successor Trustee transferring, to the successor Trustee, all the estates, properties, rights, powers, and trusts of such predecessor Trustee and such predecessor Trustee will duly assign, transfer, deliver, and pay over to such successor Trustee any property or monies then held by such predecessor Trustee, which are subject to this Agreement.

3.3 Qualifications of Successor Trustee. Any successor to the Trustee, however appointed, will be a bank or trust company organized under the laws of the United States or any jurisdiction thereof, having a combined capital and surplus of at least \$100,000,000 and able to perform the duties of the Trustee hereunder upon commercially reasonable or customary terms.

(R) 3.4 Merger of Trustee. Any corporation into which the Trustee may be merged, consolidated, or converted or any successor by merger, conversion, or consolidation may be the Trustee under this Agreement, without any further act.

3.5 Status of Successor Trustee. A successor Trustee will have the same duties, powers, and discretion as conferred on its predecessor Trustee. A successor Trustee may accept the assets of the Trust Account delivered to it by its predecessor Trustee as constituting the entire assets of the Trust Account created under this Agreement and will not be required to investigate whether or not the entirety has been delivered to it or to investigate any acts, omissions, or misconduct of its predecessor Trustee.

ARTICLE IV *(R)* DISBURSEMENTS

(R) 4.1 In accordance with all applicable Federal laws and regulations, Settlor will commence and diligently pursue to completion the proper and prudent plugging, abandonment, site clearance, and restoration of any and all wells, equipment, facilities, and structures associated with or attributable to the Properties when (a) required by such Federal laws and regulations, (b) required by

the terms and conditions of the specific oil and gas lease(s), Right(s)- of-Use and Easement (“RUE”), and Right(s)-of-Way (“ROW”) covered by The Agreement, (c) required by applicable operating agreements, or (d) Settlor deems prudent, whichever is earlier.

4.2 Notice after Plugging. Upon completion of the plugging and abandonment operation, pursuant to section 4.1, Settlor will provide Beneficiary and the Trustee a certificate, executed by an officer of Settlor, verifying that the operation was conducted in compliance with (a) applicable Federal laws and regulations, (b) terms and conditions of the specific oil and gas lease(s), RUE(s), and ROW(s), covered by The Agreement and (c) the applicable operating agreement(s).

Thereafter, Settlor will be entitled, upon Trustee’s receipt of Beneficiary’s written concurrence, to a disbursement of the balance due, associated with the applicable operation, which shall thereby be released from the Trust Fund to Settlor. Prior to release of such Trust Funds, proof of full payment to all subcontractors may be required. Should Beneficiary agree to release any Trust Funds for any work performed by a subcontractor(s), the check(s) for payment, upon the written instruction of Beneficiary, may be issued jointly, in the name of the Settlor and the subcontractor(s).

4.3 Final Notice. Settlor will promptly notify Beneficiary and the Trustee, in writing, when all wells, equipment, facilities, and structures associated with or attributable to the Property have been properly and prudently plugged, abandoned, cleared, and restored, in compliance with (a) applicable Federal laws and regulations, (b) terms and conditions of the specific oil and gas lease(s), RUE(s), and ROW(s), covered by The Agreement, and (c) applicable operating agreement(s). Settlor shall furnish Beneficiary with a certificate, executed by an officer of Settlor, listing all invoices associated with such work and certifying that such invoices have been fully paid and discharged. Upon Trustee’s receipt of Beneficiary’s written concurrence to release the Trust funds (which will be promptly granted if Settlor has complied with the terms of this Agreement), the Trustee shall be authorized to immediately release to Settlor all Trust Funds, including principal and interest, remaining in the Trust Account. Beneficiary will furnish its written concurrence (if Settlor has complied with the terms of this Agreement) within five (5) business days after Beneficiary’s receipt of the notice referenced above.

4.4 Any one of the following events shall be an event of default, attributed to Settlor: (a) Beneficiary has not received a true copy of the documentation submitted by Settlor, which demonstrates that Settlor has satisfied the plugging, abandonment, site clearance, and restoration obligations no later than thirty (30) days after the obligation accrues, in accordance with federal laws and regulations, with respect to each Property; (b) Settlor’s plugging, abandonment, site clearance, and restoration obligations are not completed in a timely and faithful manner; (c) Settlor has become insolvent, an application for adjudication in bankruptcy has been filed by or against Settlor, or an application for assignment, composition, extension or receivership, has been filed by or against Settlor; or (d) Settlor has failed to comply with any material obligation or condition under this Agreement.

If an event of default occurs, Settlor hereby authorizes the Trustee, upon receipt of written

instructions from beneficiary and without notice to Settlor, to immediately assign, transfer, and deliver the whole of any Trust funds to Beneficiary, without recourse to judicial proceedings and without demand, appraisal, advertisement, or notice of any kind, all of which are hereby expressly waived by Settlor to Beneficiary.

4.5 If Settlor fails to comply with any term or provision of this Agreement, Beneficiary will notify Settlor of such noncompliance. Five (5) business days after such notification, if Settlor has not made the necessary corrections to comply with this Agreement, Beneficiary may remedy such noncompliance, without prejudice to Beneficiary's rights against Settlor, and direct the Trustee to distribute Trust Funds to Beneficiary to pay or reimburse Beneficiary for the expenses incurred or to be incurred in remedying the noncompliance. The Trustee shall, within one (1) business day of its receipt of notice and documentation of the expenses incurred or to be incurred by Beneficiary, distribute funds to Beneficiary or, as otherwise directed by Beneficiary, to pay or reimburse Beneficiary for expenses incurred or to be incurred to remedy the noncompliance.

4.6 Beneficiary shall have the right, at its own costs and expense, to audit Settlor's records relating to the plugging, abandonment, site clearance, and restoration of Property covered under this Agreement, in order to satisfy itself that Settlor has complied with all of its obligations under this Agreement.

ARTICLE V (R) MISCELLANEOUS

(R) 5.1 Settlor represents and warrants that the funds to be deposited into the Trust Account shall be unencumbered and free and clear of liens, encumbrances, security interest, or other burdens. Settlor and Beneficiary further agree to execute any further documents, as may be reasonably required, to have the funds which are pledged to Beneficiary paid and delivered to the Trustee.

5.2 Settlor agrees to execute an Overriding Royalty Interest Agreement for the oil and gas lease(s) covered by this Agreement, in an amount equal or greater to the unfunded plugging and abandonment requirement of this Agreement, and to deliver it to the Beneficiary. The override must be irrevocable and must remain in full force and effect until replaced or terminated, in writing, by the Beneficiary. Such termination shall not be unreasonably withheld by Beneficiary.

(R) 5.3 Financial Institution, ("Subordinating Creditor"), by and through the execution of this Agreement, agree that the interest of, in, and to the Account, if any, shall be subordinate to the secured interest of the Beneficiary to the Account. Subordinating Creditor agrees not to, and herein expressly waive any right, to claim (whether affirmatively or defensively) that its or their interest in and to the Account is superior to the secured interest in the account of the Beneficiary. Subordinate Creditor represents and warrants that it is the lawfully authorized agent for any and all parties investing through Financial Institution, and further that Subordinating Creditor has the express authority and right to bind the lenders investing through Financial Institution. Subordinating Creditor further represents and warrants that it is the lawful authorized agent for Financial Institution and has the express authority and right to bind those investing through Financial Institution.

(R) 5.4 Notices. All notices, requests, demands, and other communications to the respective parties of this Agreement shall be in writing (including telecopy) and shall be deemed to have been duly given or made when (a) delivered by hand, on the date shown on the receipt, by a recognized overnight courier delivery service, (b) in the case of delivery by United States certified mail with return receipt requested and postage prepaid, on the date of delivery, or (c) in the case of telecopy notice, when receipt thereof is acknowledged orally or by written confirmation report by the party to whom it was addressed. The addresses for all notices are as follows:

Trustee:

Settlor:

Beneficiary:

United States of America
Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394
Attention: Lars Herbst
FAX: 504-736-2432
Telephone: 504-726-2589

Any party may, by proper notice, complying with this Section (5.4), change any and all parts of its address.

(R) 5.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Trustee, the Settlor, and the Beneficiary and their respective legal representatives, successors, and assigns. The rights, duties, and obligations of the Trustee hereunder may not be transferred, assigned, or delegated by the Trustee, except as expressly provided in this Agreement. The rights, duties, and obligations of the Settlor hereunder may not be transferred, assigned, or delegated by the Settlor, without the prior written consent of the Beneficiary.

(R) 5.6 Counterparts. This Agreement may be executed by one or more of the parties to this Trust Agreement, in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(R) 5.7 Number and Gender. Whenever the context requires, reference made to the singular shall be understood to include the plural. Likewise, the plural shall be understood to include the singular. Words denoting sex shall be construed to include the masculine, feminine, and neuter, when such construction is appropriate and specific enumeration shall not exclude the general, but shall be construed as cumulative. Definitions of terms defined in the singular and plural shall be equally applicable to the plural or singular, as the case may be, unless otherwise indicated.

(R) 5.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties, with respect to the subject matter hereof, and shall supersede any prior agreements, whether written or oral, among the parties.

(R) 5.9 Invalidity. In the event that any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable, in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

(R) 5.10 Titles of Articles and Sections. All titles or headings to articles or sections of this Agreement are only for the convenience of the parties and shall not be used to interpret or construe this Agreement.

(R) 5.11 Termination. This Trust Agreement shall terminate upon the occurrence of the following conditions: (i) mutual agreement of the Settlor and Beneficiary or (ii) Settlor's compliance with all plugging and abandonment obligations, as described herein and as evidenced by certification by the Beneficiary. In either case, the Trustee shall transfer all Trust Funds as directed by the Settlor.

(R) 5.12 Governing Law. THIS TRUST AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF Name of State, WITHOUT GIVING EFFECT TO THAT STATE'S CONFLICTS OF LAWS RULES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

Trustee:

BY:
Printed Name:
Title:

Settlor:

BY:
Printed Name:
Title: Secretary

Beneficiary:

**THE United States of America, ACTING BY
AND THROUGH THE UNITED STATES
DEPARTMENT OF THE INTERIOR,
MINERALS MANAGEMENT SERVICE**

BY:
Printed Name: Lars Herbst
Title: Regional Director, Gulf of Mexico Region

Schedule A

Transfer of Money into the Area name, Block number Plugging and Abandonment Trust Account.

Schedule of Deposits pursuant to that certain Trust Agreement by and between Financial Institution, Trustee, *xx.*, Settlor, and the United States of America acting by and through the United States Department of the Interior, Minerals Management Service, Beneficiary, with regards to Area name(s), Block number(s) dated Month Day, Year.

1. Beginning Month Day, Year and monthly thereafter, or no later than the first business day after the 15th of the month, Settlor will deposit the sum of \$_____ in cash and/or cash equivalents. Settlor does guarantee each monthly deposit will not be less than \$_____. Settlor may deposit more than a \$_____ in any monthly deposit.

3. It is Settlor's intent, at the end of each quarter, the first beginning Month Day, Year, to have deposited into the Trust Account \$_____ in cash and/or cash equivalents, account interest not included.

4. Monthly deposits shall continue at \$_____, until the Plugging and Abandonment Account Trust Funds total \$_____ in cash or cash equivalents.

Settlor and Beneficiary, upon completion of reservoir and economic review conducted jointly, may agree to adjust monthly deposits as warranted, based upon such review. If adjustments are warranted, this Schedule A will be amended in writing and executed by both the Settlor and the Beneficiary.

Schedule B
Trustee's Fees & Charges

MODEL THIRD PARTY GUARANTEE

MODEL THIRD-PARTY GUARANTEE

The MMS developed the following model third-party indemnity agreement. Executing this document will meet the requirements of 30 CFR §256.57 for a third-party guarantee. You may execute this document as is or you may modify this document. If you choose to modify this document, MMS will review your modifications and will approve the modified document upon a determination that the modified document meets all of the requirements of 30 CFR §256.57.

THIRD-PARTY INDEMNITY AGREEMENT

This THIRD-PARTY INDEMNITY AGREEMENT, made and entered into this (day) day of (month), (year), by (Guarantor Company Name), MMS Company Number (#), (Guarantor) for the benefit of the MINERALS MANAGEMENT SERVICE of the UNITED STATES DEPARTMENT OF THE INTERIOR (MMS) provides for the following:

I. By signing this document, the undersigned attests to the following:

A. If a party to this agreement is a corporation, it is incorporated and in good standing under the laws of the State of (State) and has all corporate power, authorizations, consents, and approvals required to carry on its business as is now conducted and to enter into this agreement.

B. If a party to this agreement is a corporation, the undersigned include corporate officers who are authorized to bind the corporation.

C. The undersigned are authorized to execute, deliver, and perform, under the terms of this agreement, on behalf of any non-corporate Guarantor.

D. This agreement does not contravene or constitute a default under any provisions of applicable law or regulation or of its charter, certificate of incorporation or bylaws or any agreement, judgment, injunction, order, decree or other instrument to which it may be subject.

II. The Guarantor agrees to the following provisions

A. The Guarantor will punctually satisfy (check one)

- the performance and compliance by (Name of Indemnified Company), MMS Company Number _____, (Indemnified Company) with the terms and conditions of the lease, Right-of-Use and Easement (RUE), or Right-of-Way (ROW) and governing Federal regulations for all leases, RUEs, or ROWs in the _____ OCS Region, for which MMS has, at any point, recognized the indemnified company as a lease, RUE, or ROW interest or operating rights owner.
- the performance and compliance by (Name of Indemnified Company), MMS Company Number _____, (Indemnified company), with the terms and conditions of

the lease, RUE, or ROW and governing Federal regulations for lease, RUE, or ROW number _____.

- the performance and compliance by (Name of Indemnified Company), MMS Company Number _____, (Indemnified company) with the terms and conditions of the lease, RUE, or ROW and governing Federal regulations for lease, RUE, or ROW number _____ for an amount not to exceed _____.

B. If the Indemnified Company, Indemnified Company's operator, or an operating rights owner fails to comply with any lease, RUE or ROW term or regulations, the Guarantor will:

- (1) not challenge the determination and
- (2) must either:
 - i) Take corrective action to bring the lease into compliance within the time period specified by MMS, or
 - ii) Provide, within 7 calendar days, sufficient funds for the MMS Regional Director to complete corrective action.

C. When the Guarantor complies with this agreement, by correcting a problem or paying for a third party or for MMS to correct a problem, such compliance will not reduce the Guarantor's liability for remaining obligations.

D. If this agreement is terminated, the Guarantor will remain liable for all work and workmanship performed and liabilities that accrued during the period covered by this Third-Party Guarantee, until such time that the indemnified company provides alternate security for the obligation(s) and MMS releases the Guarantor from further liability.

E. If the Guarantor wishes to terminate the period of liability under this guarantee, the Guarantor must:

- (1) Notify the Indemnified Company and the MMS Regional Director at least 90 days before the proposed termination date;
- (2) Obtain the MMS Regional Director's approval for the termination of the period of liability for all or a specified portion of the Guarantor's guarantee; and
- (3) Remain liable for all work and workmanship performed and liabilities that accrued during the period covered by this guarantee, until such time that the Indemnified Company provides a suitable replacement security instrument, assuming all outstanding liabilities and in an amount no less than provided by the guarantee herein, and MMS releases the Guarantor from further liability.

F. If a party to this agreement is a partnership, joint venture, or syndicate, this agreement binds each partner or party who has a beneficial interest in the Guarantor.

G. Each party who is a Guarantor under this agreement agrees to be bound jointly and severally for the undertakings herein.

III. If during the life of this third-party guarantee, the Guarantor no longer meets the criteria established in 30 CFR §256.57(a)(3) and 30 CFR §256.57(c)(3), the Guarantor and the Indemnified Company will notify the MMS Regional Director immediately.

GUARANTOR

(Affix Corporate Seal) (company name)
GUARANTOR

(signature)
CORPORATE OFFICIAL (signature)
CORPORATE OFFICIAL

(typed signer's name)
TYPED NAME (typed signer's name)
TYPED NAME

(typed signer's title)
TYPED TITLE (typed signer's title)
TYPED TITLE

Witness my hand and notary seal this (day) day of (month), (year).

(Affix Notary Seal) (signature)
NOTARY PUBLIC NAME

INDEMNIFIED COMPANY

(Affix Corporate Seal)

(signature)
CORPORATE OFFICIAL

(typed signer's name)
TYPED NAME

(typed signer's title)
TYPED TITLE

Witness my hand and notary seal this (day) day of (month), (year).

(Affix Notary Seal)

(company name)
INDEMNITOR

(signature)
CORPORATE OFFICIAL

(typed signer's name)
TYPED NAME

(typed signer's title)
TYPED TITLE

(signature)
NOTARY PUBLIC NAME

**GENERAL
PERFORMANCE BOND
LIABILITIES LEASE
SPECIFIC
TRUST AGREEMENT**

**General Performance Bond Liabilities
Lease Specific
TRUST AGREEMENT**

The Trust Agreement (the "Agreement" as amended, supplemented, or restated from time to time, is dated effective as of _____, and is entered into among the following parties:

_____, a national banking association (together with its successors and substitutes in trust pursuant to the terms hereof, the "Trustee"),

_____ MMS Company Number: _____ a _____ Corporation (the "Settlor"); and

The United States of America, acting by and through the Minerals Management Service of the United States Department of the Interior (the "Beneficiary").

WHEREAS, to fulfill certain obligations, the Settlor and the Beneficiary have entered into this Agreement; and

WHEREAS, for the _____ the Settlor has established account number _____ maintained with the Trustee (the "Trust Account");

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

1.1 Terms Defined Above. As used in this Agreement, the terms "Beneficiary", "Settlor", "Trust Account", and "Trustee" are defined above.

1.21 Defined Terms. As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

"Cash Equivalents" shall mean (a) demand deposits at the Trustee, (b) certificates of deposit with maturities of no more than one year from the date of acquisition issued by the Trustee, (c) U.S. Treasury Bills, and (d) money-market

funds offered through the Trustee, secured by debt securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof, commercial paper of a domestic issuer rated at the date of acquisition at least P-2 by Moody's Investor Service, Inc. or A-2 by Standard & Poor's Corporation, (e) "Properties" - shall mean the location and facilities identified in the introduction section of this agreement, and (f) repurchase agreements covering debt securities or commercial paper of the type described above in this definition.

"Trust Funds" shall mean the Trust Account, all funds deposited into the Trust Account by the Settlor, interest earned on such funds and other property in the Trust Account, and all certificates, instruments, and documents representing, evidencing, or issued in connection therewith, and all proceeds thereof.

"Property" shall mean the location(s) and facilities identified in the introduction section of this agreement.

1.3 Other Definitional Provisions. (a) The words "hereby", "herein", "herein after", "herein above", "herein below", "hereof", "hereto" and "hereunder" when used in this Trust Agreement shall refer to this Agreement as a whole and not to any particular article, section or provision of this Agreement.

(b) Reference to any article, section or exhibit refer to, this Agreement unless otherwise specified.

ARTICLE II

DECLARATION OF TRUST

2.1 Appointment of Trustee. The Settlor and the Beneficiary hereby appoint the Trustee as the Trustee under this Agreement, and the Trustee hereby accepts such appointment.

2.2 Declaration of Trust. The Trustee declares that it will hold all funds deposited into the Trust Account on behalf of the Settlor to (a) satisfy any and all obligations of the Settlor with respect to the Property, and (b) for the use and benefit of the Beneficiary pursuant to the terms of this Agreement.

2.3 Control and Administration of Trust Funds. (a) Except upon termination of this Agreement pursuant to Section 5.8, the Trustee shall not permit the Settlor to (i) withdraw or transfer any of the Trust Funds from the Trust Funds, (ii) to deliver or transfer any Trust Funds to any person or entity, (iii) to direct the Trustee with respect to the Trust Funds, or (iv) use the funds or collateral to secure any other obligation or indebtedness. The Trustee shall not permit the Beneficiary to withdraw or transfer from the Trust Account any of the Trust Funds other than as provided for herein.

(b) The Settlor and the Beneficiary direct the Trustee to invest all Trust Funds in interest bearing Cash Equivalents.

2.4 Periodic Account Statements; Further Information. The Trustee shall provide to the Settlor and the Beneficiary monthly statements detailing all transactions affecting the Trust Funds and, promptly following the written request of the Settlor or the Beneficiary, any information regarding the Trust Funds that the Settlor or the Beneficiary may reasonably request.

2.5 Representations and Warranties. (a) The Trustee represents and warrants to the Settlor and the Beneficiary that (i) the Trust Funds do not and shall not secure or serve as collateral for any indebtedness or obligation of the Settlor, or any other person or entity to the Trustee, and (ii) the Trustee has not received any prior notice of any other assignment of, grant of security interest in, pledge of or claim against any of, the Trust Funds. (b) The Settlor represents and warrants to the Trustee and the Beneficiary that the Settlor has not received any prior notice of any other assignment, grant of security interest in, pledge of or claim against any of the Trust Funds.

2.6 Waiver of Right to Set-Off. The Trustee hereby waives all claims and rights of set-off and banker's and other possessory liens against the Trust Funds. The Trustee agrees not to set-off or reduce the amounts to be paid on the Trust Funds by reason of any liability or obligation that the Settlor or any other person or entity may have to the Trustee and acknowledges and agrees that its obligation to transfer all amounts owing with respect to the Trust Funds in accordance with the instructions of the Beneficiary not in conflict with the terms hereof is absolute and unconditional.

2.7 Fees of Trustee. All usual and customary fees, expenses and other charges as set forth on Schedule "A" attached hereto shall be the responsibility of the Settlor, and the Trustee shall have no priority with respect to the Trust Funds for such purposes and shall not be entitled to any compensation from the Beneficiary in performing this Agreement.

2.8 Books, Records and Tax Returns. The Trustee shall maintain appropriate books and records relating to the receipt and disbursement of all Trust Fund monies. The Trustee agrees to sign and/or file all returns with respect to taxes as the Settlor may cause to be prepared and direct the Trustee to sign and/or file. The Trustee shall have no liability for any tax due and payable in connection with this Agreement except for taxes based upon or measured by amounts paid to the Trustee as fees or compensation under this Agreement. All taxes due on interest earned with respect to the Trust Funds are the responsibility of the Settlor, and shall not be paid from the Trust Funds.

2.9 Scope of Undertaking. The duties and responsibilities of the Trustee in connection with this Agreement will be purely ministerial and limited to the duties and responsibilities expressly set forth in this Agreement. The Trustee is not a principal, participant, or beneficiary in any transaction underlying this Agreement and will have no duty to inquire beyond the terms and provisions hereof. The Trustee will not be required to exercise any discretion hereunder and will have no responsibility with respect to investment or management of Trust Funds other than to act in accordance with the written instructions, provided herein that all funds shall be maintained in interest bearing Cash Equivalents. The Trustee will never be required to use, advance, or risk its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Trustee may rely on, and will not be liable for acting or refraining from acting upon, any written notice, instruction, request, or other communication furnished to it pursuant to this Agreement and

believed by it to have been signed or presented by the proper party or parties.

The Trustee is authorized, in its sole discretion, to disregard any and all notices or instructions given by any other party hereto or by any other person, firm or corporation, which is not a party to this Agreement, except only (i) such notices or instructions as are herein provided for in this Agreement and (ii) orders or process of any federal court entered or issued with or without jurisdiction.

If any property or Trust Funds subject hereto is at any time attached, garnished, or levied upon under any federal court order or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by federal court order, or in case federal order, judgment or decree shall be made or entered by federal court affecting such property or any part hereof, then and in any of such events the Trustee is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree with which it is advised by legal counsel of its own choosing is binding upon it, provided that the Trustee shall not take any action until eleven (11) days after entry of such order, writ, judgment or decree, and if it complies with any such order, writ, judgment or decree it shall not be liable to any other party hereto or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated; unless such order, writ, judgment or decree has been stayed by court order pending appeal.

The Trustee may rely, and shall be protected in acting or refraining from acting, upon any instrument furnished to it hereunder and reasonably believed by it to be genuine and reasonable believed by it to have been signed or presented by the appropriate party or parties (including without limitation, with respect to any party which is a corporation, any instrument purporting to have been signed on its behalf by an authorized officer).

The Trustee shall make a reasonable effort to verify the validity and genuineness of any documents mentioned in this paragraph. If the Trustee has made such a reasonable effort, the Trustee shall not be responsible for the sufficiency or accuracy, or the form, execution, validity or genuineness, of documents or securities presented to it, nor shall it be responsible or liable in any respect on account of the identity, authority or rights of any person executing, depositing or delivering or purporting to execute, deposit or deliver any such document, security or endorsement or this Agreement, or on account of or by reason of forgeries, false representations, or the exercise of its discretion in any particular manner.

The Trustee shall not be liable for any damage, loss, liability, or delay caused by accidents, strikes, fire, flood, war, riot, equipment breakdown, electrical or mechanical failure, acts of God or any cause which is reasonably unavoidable or beyond its reasonable control.

The Trustee may consult with legal counsel of its own choosing reasonably acceptable to Settlor and Beneficiary, who will not unreasonably withhold their consent to counsel, and shall be entitled to advice of such legal counsel concerning all matters of this Trust Agreement. The Trustee may act upon the opinion or advice of such legal counsel in the exercise of its reasonable care.

Settlor hereby agrees to protect, defend, indemnify and hold harmless the Trustee against and from any and all costs, losses, liabilities, expenses (including counsel fees and expenses) and claims

imposed upon or asserted against the Trustee on account of any action taken or omitted to be taken in connection with its acceptance of or performance of its duties and obligations under this Agreement, except as a result of its gross negligence or willful malfeasance, as well as the costs and expenses of defending itself against any claim or liability arising out of or relating to this Agreement. This indemnification shall survive the release, discharge, termination and/or satisfaction of the Agreement. If Settlor is required to make payment to the Trustee with respect to any claims asserted under this Section 2.9, such payment shall not be deducted from the Trust Funds, but shall be paid from Settlor's corporate resources.

ARTICLE III

RESIGNATION AND REMOVAL OF TRUSTEE: APPOINTMENT OF SUCCESSORS

3.1 Resignation; Removal; Successor Trustee. The Trustee or any successor thereto may, with respect to the trust created hereby, resign at any time without cause by giving at least thirty (30) days prior written notice to the Settlor and the Beneficiary, such resignation to be effective on the date of appointment of a successor Trustee as hereinafter provided. In the case of the resignation of the Trustee, the Settlor and the Beneficiary will appoint a successor Trustee by written instrument signed by the Settlor and the Beneficiary.

In the event the Settlor and the Beneficiary shall not have appointed a successor Trustee within thirty (30) days after such resignation by the Trustee, the Trustee will continue as Trustee and may, at the sole expense of the Settlor, apply to a Court in California, having jurisdiction (the "Court"), to appoint a successor Trustee to act effective as of the date specified by the court until such time, if any, as a successor is appointed by the Settlor and the Beneficiary as above provided. Any successor Trustee so appointed by such Court will immediately and without further act be superseded by any successor Trustee thereafter appointed by the Settlor and the Beneficiary as above provided. In addition, the Settlor and the Beneficiary may at any time remove the Trustee with or without cause by written notice to the Trustee signed by the Settlor and the Beneficiary designating the effective date of any such removal and the party to serve as successor Trustee. A successor Trustee hereunder will be deemed the Trustee for all purposes hereof, and each reference herein to the Trustee will thereafter be deemed to refer to such successor.

3.2 Acceptance of Appointment. Any successor Trustee, whether appointed by the Court or by the Settlor and the Beneficiary, will execute and deliver to its predecessor Trustee an instrument reasonably satisfactory to such predecessor Trustee accepting the appointment, and thereupon such successor Trustee, without further act, will become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Trustee under this Agreement with like effect as if the successor had been originally named as Trustee in this Agreement.

Upon the written request of such successor Trustee, such predecessor Trustee will execute and deliver an instrument reasonably satisfactory to such successor Trustee transferring to the successor Trustee, all the estates, properties, rights, powers and trusts of such predecessor Trustee, and such predecessor Trustee will duly assign, transfer, deliver and pay over to such successor Trustee any

property or monies then held by such predecessor Trustee which are subject to this Agreement.

3.3 Qualifications of Successor Trustee. Any successor to the Trustee, however appointed, will be a bank or trust company organized under the laws of the United States or any jurisdictions thereof having a combined capital and surplus of at least \$500,000,000, able to perform the duties of the Trustee hereunder upon commercially reasonable or customary terms, and rated .

3.4 Merger of Trustee. Any corporation into which the Trustee may be merged, consolidated, or converted or any successor by merger, conversion, or consolidation may be the Trustee under this Agreement without any further act.

3.5 Status of Successor Trustee. A successor Trustee will have the same duties, powers and discretion as conferred on its predecessor Trustee. A successor Trustee may accept the assets of the trusts delivered to it by its predecessor Trustee as constituting the entire assets of the trust created under this Agreement and will not be required to investigate whether or not the entirety has been delivered to it or to investigate any acts, omissions, or misconduct of its predecessor Trustee.

ARTICLE IV

DISBURSEMENTS

4.1 In accordance with all applicable Federal laws and regulations, Settlor will commence to perform all lease obligations.

4.2 Notice after Plugging. Upon completion of the plugging and abandonment operation, Settlor will provide Beneficiary and the Trustee a certificate executed by an officer of Settlor verifying that the operation was conducted in compliance with (a) applicable federal laws and regulations, (b) the specific oil and gas lease(s), covering the properties, and (c) the applicable operating agreement(s).

Thereafter, Settlor will be entitled, with the written concurrence of the Beneficiary, to a disbursement of the balance due associated with the applicable operation, which shall thereby be released from the Trust Fund to Settlor. Prior to release of funds, proof of payment of all royalties, penalties, and other lease obligations, and proof of full payment to all vendors may be required. Should Minerals Management Service agree to release such funds for any work performed by a subcontractor(s), the check(s) for payment may be issued jointly in the name of the Settlor and the vendor(s).

4.3 Final Notice. Settlor will promptly notify Beneficiary and the Trustee in writing when all wells, equipment, facilities and structures associated with or attributable to the Properties have been properly and prudently plugged, abandoned and restored in compliance with (a) applicable Federal laws and regulations, (b) the specific oil and gas lease(s), covering the leases (c) the applicable operating agreement(s), and (d) Settlor shall furnish Beneficiary with a certificate executed by an officer of Settlor listing all invoices and confirm that all invoices associated with such work have been fully paid and discharged. Upon Beneficiary's written concurrence to release of the escrow (which will be promptly given if Settlor has complied with the terms of this Agreement, the Trustee shall be authorized to immediately release to Settlor all funds, including

principal and interest, remaining in the Trust Fund. Beneficiary will furnish its written concurrence (if Settlor has complied with the terms of this Agreement) within five (5) business days after Beneficiary's receipt of the notice referenced above.

4.4 Any one of the following events shall be an event of default attributed to Settlor: (a) if Beneficiary has not received a true copy of the documentation submitted by Settlor which demonstrates that Settlor has satisfied the plugging, abandonment, and restoration obligations no later than thirty (30) days after the obligation accrues in accordance with federal laws and regulations with respect to each of the Properties, (b) Settlor obligations are not completed in a timely and faithful manner, (c) in the Settlor's failure, insolvency, application for adjudication in bankruptcy, application by or against Settlor for assignment, composition, extension or receivership, or (d) Settlor's failure to comply with any material obligation of condition under this Agreement.

If default occurs, then it shall be lawful for, and Settlor does hereby authorize the Trustee to immediately, without notice to Settlor, assign, transfer and deliver the whole of any of the amounts herein pledged and deposited, without recourse to judicial proceedings and without either demand, appraisal, advertisement or notice of any kind, all of which are hereby expressly waived, by Settlor to Beneficiary.

4.5 If Settlor fails to comply with any term or provisions of this Agreement, Beneficiary will notify Settlor of such noncompliance. Five (5) business days after such notification, if Settlor has not made the necessary corrections to comply with this Agreement, Beneficiary may remedy such noncompliance, without prejudice to Beneficiary's rights against Settlor, and direct the Trustee to distribute to Beneficiary funds from the Trust Fund to pay or reimburse Beneficiary for the expenses incurred or to be incurred in remedying the noncompliance. The Trustee shall within one (1) business day of its receipt of notice and documentation of the expense incurred or to be incurred by Beneficiary, distribute funds to Beneficiary, or as otherwise directed by Beneficiary, to pay or reimburse to Beneficiary for expenses incurred or to be incurred to remedy the noncompliance.

4.6 Beneficiary shall have the right, at its own costs and expense, to audit Settlor's records relating to the plugging, abandonment and restoration of the wells, equipment, facilities and structures associated with or attributable to the Properties in order to satisfy itself that Settlor has complied with all of its obligations under this Agreement.

ARTICLE V

MISCELLANEOUS

5.1 Settlor represents and warrants that the funds to be deposited into the Trust Account shall be unencumbered and free and clear of liens, encumbrances, security interest or other burdens. Settlor and Beneficiary further agree to execute any such further documents as may be reasonably required to have the funds which are pledged to Beneficiary paid and delivered to the Trustee.

5.2 _____, ("Subordinating Creditor") by and through the execution

of this Agreement, agree that the interest of, in, and to the Account, if any, shall be subordinate to the secured interest of the Beneficiary to the Account. Subordinating Creditor agrees not to, and herein expressly waive any right, to claim (whether affirmatively or defensively) that its or their interest in and to the Account is superior to the secured interest in the account of the Beneficiary. Subordinate Creditor represents and warrants that it is the lawfully authorized agent for any and all parties investing through _____, and further that Subordinating Creditor has the express authority and right to bind the lenders investing through _____. Subordinating Creditor further represents and warrants that it is the lawful authorized agent for _____, and has the express authority and right to bind those investing through _____.

5.4 Notices. All notices, requests, demands, and other communications to the respective parties of this Agreement shall be in writing (including telecopy), and shall be deemed to have been duly given or made when delivered by hand, on the date shown on the receipt by a recognized overnight courier delivery service, or, in the case of delivery by mail, two (2) business days after the day deposited postage prepaid in the United States mail, certified mail with return receipt requested and postage prepaid, or, in the case of telecopy notice, when receipt thereof is acknowledged orally or by written confirmation report by the party to whom it was addressed. The addresses for all notices are as follows:

Trustee:

Settlor:

Beneficiary:

United States of America
Department of the Interior
Minerals Management Service
Pacific OCS Region
770 Paseo Camarillo
Camarillo, CA 93010
Attention: Lynnette L. Vesco
Telecopy: 805-389-7874
Telephone: 805-389-7801

Any party may, by proper notice complying with this Section (5.4), change any and all parts of its addresses.

5.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Trustee, the Settlor, and the Beneficiary and their respective legal representatives, successors, and assigns. The rights, duties, and obligations of the Trustee hereunder may not be transferred, assigned, or delegated by the Trustee except as expressly provided in this Agreement. The rights, duties and obligations of the Settlor hereunder may not be transferred, assigned or delegated by the Settlor without the prior written consent of the Beneficiary.

5.6 Counterparts. This Agreement may be executed by one or more of the parties to this Trust Agreement in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

5.7 Number and Gender. Whenever the context requires, reference made to the singular shall be understood to include the plural; and likewise, the plural shall be understood to include the singular. Words denoting sex shall be construed to include the masculine, feminine, and neuter, when such construction is appropriate; and specific enumeration shall not exclude the general but shall be construed as cumulative. Definitions of terms defined in the singular and plural shall be equally applicable to the plural or singular, as the case may be, unless otherwise indicated.

5.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter and shall supersede any prior agreements, whether written or oral, among the parties.

5.9 Invalidity. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement.

5.10 Titles of Articles and Sections. All titles or headings to articles or sections of this Agreement are only for the convenience of the parties and shall not be used to interpret or construe this Agreement.

5.11 Termination. This Trust Agreement shall terminate upon the occurrence of the following conditions: (i) mutual agreement of the Settlor and Beneficiary, or (ii) Settlor's compliance with all plugging and abandonment obligations and other lease obligations as described herein and as evidenced by certification by the Beneficiary. In such case, the Trustee shall transfer all Trust Funds as directed by the Settlor.

5.12 Governing Law. THIS TRUST AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO THAT STATE'S CONFLICTS OF LAWS RULES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

Bank

BY: _____

Printed Name:

Title:

Settlor:

BY: _____

Printed Name:

Title:

Beneficiary

THE UNITED STATES OF AMERICA,
ACTING BY AND THROUGH THE
MINERALS MANAGEMENT SERVICE
UNITED STATES DEPARTMENT OF THE
INTERIOR

BY: _____

Printed Name: Lynnette L. Vesco

Title: Chief, Office of Environmental Evaluation
Pacific OCS Region

Schedule "A"