

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K/A

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FILER

GOTHIC ENERGY CORP

CIK: **878482** | IRS No.: **222663839** | State of Incorpor.: **OK** | Fiscal Year End: **1231**
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): NOVEMBER 25, 1997

GOTHIC ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

OKLAHOMA

0-19753

22-2663839

(State of incorporation
or organization)

(Commission File Number)

(IRS Employer ID No.)

5727 SOUTH LEWIS AVENUE - SUITE 700 - TULSA, OKLAHOMA 74105

(Address of principal executive offices)

(918) 749-5666

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS:

(a) Financial statements of business acquired.

Not applicable at this time.

(b) Pro form financial information.

Not applicable at this time.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
10.1	Press Release dated November 25, 1997 (previously filed)
10.2	Purchase and Sale Agreement dated November 25, 1997 between Amoco Production Company, as Seller, and Gothic Energy Corporation, as Buyer (filed herewith)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GOTHIC ENERGY CORPORATION

Dated: January 30, 1998

By: /s/ Michael K. Paulk

Michael K. Paulk, President

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PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

AMOCO PRODUCTION COMPANY, SELLER

AND

GOTHIC ENERGY CORPORATION, BUYER

Dated November 24, 1997

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is dated November 24, 1997, by and between AMOCO PRODUCTION COMPANY, a Delaware corporation, with an office at 501 WestLake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "Seller") and GOTHIC ENERGY CORPORATION, an Oklahoma corporation, with an office at 5727 South Lewis Avenue, Suite 700, Tulsa, Oklahoma 74105 (hereinafter referred to as "Buyer"), and is based on the following premises:

WHEREAS, Seller desires to sell, assign and convey to Buyer and Buyer desires to purchase and accept certain oil and gas properties and related interests; and

WHEREAS, the parties have reached agreement regarding such sale and purchase,

NOW, THEREFORE, for valuable consideration and the mutual covenants and agreements herein contained, Seller and Buyer agree as follows:

ARTICLE 1. DEFINITIONS

1. Definitions: In this Agreement, capitalized terms have the meanings

provided in this Article, unless expressly provided otherwise in other Articles. All defined terms include both the singular and the plural. All references to Articles refer to Articles in this Agreement, and all references to Exhibits

refer to Exhibits attached to and made a part of this Agreement.

1.1 "Accounting Referee" has the meaning set forth in Article 6.5.

1.2 "Affiliate" means any entity that, directly or indirectly, through one

or more intermediaries, controls or is controlled by or is under common control with the entity specified. Control means ownership of fifty percent (50%) or greater of the voting stock of such entity.

1.3 "Alleged Adverse Condition" means an environmental or physical

condition asserted by Buyer in accordance with Article 5.2 that, as of Closing (as hereinafter defined), is not in compliance with the then existing Laws (as hereinafter defined), and the costs associated with remediating such individual

Alleged Adverse Condition exceeds One Hundred Thousand and No/100 United States Dollars (US \$100,000) net to Seller's interests.

1.4 "Alleged Title Defect" means a Title Defect (as hereinafter defined)

which is asserted by Buyer in accordance with Article 4.2, and the costs

associated with curing such individual Alleged Title Defect exceeds One Hundred Thousand and No/100 United States Dollars (US \$100,000) net to Seller's interests.

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1.5 [Intentionally left blank.]

1.6 [Intentionally left blank.]

1.7 "Arbitrable Dispute" has the meaning set forth in Article 18.1.

1.8 "Assignment and Bill of Sale" means a document in the form of Exhibit

"I".

1.9 "Business Day" means a Day (as hereinafter defined) excluding

Saturdays, Sundays and U.S. legal holidays.

1.9.1 "Buyer's Basket" means the cumulative aggregate costs incurred by

Buyer and the title defect values, as calculated in accordance with the terms of this Agreement, for Alleged Adverse Conditions, Alleged Title Defects, Non-Environmental Claims under Article 8.2 and Environmental Claims under Article

8.3 up to a maximum of six (6%) of the unadjusted Purchase Price. Notwithstanding anything contained in this Agreement to the contrary, Buyer shall not be entitled to raise or be reimbursed or compensated for any Alleged Adverse Conditions, Alleged Title Defects, Non-Environmental Claims under Article 8.2 or Environmental Claims under Article 8.3 unless and until such cumulative aggregate costs and defect values therefor exceed the maximum Buyer Basket amount, it being acknowledged and agreed that Buyer shall be solely responsible for any and all Alleged Adverse Conditions, Alleged Title Defects, Non-Environmental Claims under Article 8.2 and Environmental Claims under Article 8.3 and the costs associated therewith up to six (6%) of the unadjusted Purchase Price.

1.10 [Intentionally left blank.]

1.11 "Buyer Group" has the meaning set forth in Article 8.2.

1.12 [Intentionally left blank.]

1.13 "Buyer Savings Plan" has the meaning set forth in 13.3.

1.14 "Casualty Loss" means any loss, damage or reduction in value of the

Properties which occurs prior to Closing resulting from mechanical failure or defects, catastrophic occurrences, acts of God or any other losses which are not the result of normal wear and tear or of natural reservoir changes.

1.15 "Certificate" means a document in the form of Exhibit "L".

1.16 "Claim" means any and all claims, demands, suits, causes of action,

losses, damages, liabilities, fines, penalties and costs (including attorneys' fees and costs of litigation) which are brought by or owed to a Third Party (as hereinafter defined).

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1.17 "Claimant" has the meaning set forth in Article 18.1.

1.18 "Claim Notice" has the meaning set forth in Article 8.9.

1.19 "Close" or "Closing" means the consummation of the transfer of title

to the Properties (as hereinafter defined) to Buyer, including execution and delivery of all documents as provided for in this Agreement.

1.20 "Closing Date" means on or before December 15, 1997, subject to the

terms of this Agreement.

1.21 "Computed Interest" means simple interest of ten percent (10%) per

annum using a three hundred sixty-five (365) Day year.

1.22 "Confidentiality Agreement" has the meaning set forth in Article 17.5.

1.23 "Day" means a calendar day consisting of twenty-four (24) hours from

midnight to midnight.

1.24 "Defensible Title" means, as to the Properties, such title held by

Seller as of Closing that, except for the Permitted Encumbrances (as hereinafter
defined):

1.24.1 Entitles Seller as of Closing to receive not less than the
"Net Revenue Interests" set forth in Exhibit "A" of all oil, gas and
associated liquid and gaseous hydrocarbons and non-hydrocarbons produced,
saved and marketed from the Properties; and

1.24.2 Obligates Seller as of Closing to bear costs and expenses
relating to the ownership, operation, maintenance and repair of the
Properties in an amount not greater than the "Working Interests" set forth
in Exhibit "A", unless there is a corresponding increase in the Net Revenue
Interests.

1.25 "Deposit" has the meaning set forth in Article 3.2.

1.26 "Effective Time" means December 1, 1997, at 7:00 a.m., local time

where the Properties are located.

1.27 "Environmental Claims" means all Claims which are based on breach of

Environmental Laws (as hereinafter defined). The parties agree that
Environmental Claims against Seller may include without limitation any and all
Claims arising from notices from any federal or state regulatory agency as to
alleged violations of Environmental Laws with respect to the Properties, or any
of them, which are pending as of the Closing Date.

1.28 "Environmental Laws" means any and all Laws that relate to: (a) the

prevention of pollution or environmental damage, (b) the remediation of pollution or environmental damage, and/or (c) the protection of the environment generally; including without limitation, the Clean Air Act, as amended, the Clean Water Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Federal Water Pollution Control Act, as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Safe Drinking Water Act, as amended, the Toxic Substance and Control Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Hazardous and the Solid Waste Amendments Act of 1984, as amended, and the Oil Pollution Act of 1990, as amended.

1.29 "ERISA" has the meaning set forth in Article 134.

1.30 "Final Accounting Settlement" has the meaning set forth in Article

6.5.

1.31 "Final Settlement Date" has the meaning set forth in Article 6.5.

1.32 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of

1976, as amended.

1.33 "Laws" means laws, statutes, ordinances, permits, decrees, orders,

judgments, rules or regulations (including without limitation Environmental
Laws) which are promulgated, issued or enacted by a governmental entity or
tribal authority having appropriate jurisdiction.

1.34 "Letters-in-Lieu" means a document in the form of Exhibit "M".

1.35 "License Agreement - SAMS" means a document in the form of Exhibit

"Q", and "License Agreement - Seismic" means the document referred to in Article
12.4.

1.36 "Mineral Deed" means a document in the form of Exhibit "K".

1.37 "Non-Environmental Claims" means all Claims, except Environmental

Claims.

1.38 "Non-Foreign Affidavit" means a document in the form of Exhibit "O".

1.39 "NORM" means naturally occurring radioactive materials.

1.40 "Opinion of Counsel" means a document in the form of Exhibit "N".

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1.41 "Permitted Encumbrances" means:

1.41.1 Royalties, overriding royalties, production payments, reversionary interests, convertible interests, net profits interests, division orders and similar burdens encumbering the Properties to the extent the net cumulative effect of such burdens do not, as of Closing, operate to reduce the Net Revenue Interests of the Properties to less than the Net Revenue Interests set forth in Exhibit "A";

1.41.2 Consents to assignment and similar contractual provisions encumbering the Properties as to which, prior to Closing, waivers or consents are obtained from the appropriate parties;

1.41.3 Preferential rights to purchase encumbering any one (1) or more of the Properties as to which, prior to Closing: (a) waivers are obtained from the appropriate parties, or (b) the time period for exercising said right has elapsed.

1.41.4 All rights to consent by, required notices to, filings with or other actions by a governmental entity or tribal authority in connection with the sale or conveyance of the Properties, if the same are customarily obtained subsequent to the transfer of title;

1.41.5 Rights reserved to or vested in a governmental entity or tribal authority having appropriate jurisdiction to control or regulate the Properties in any manner whatsoever, and all Laws of any such governmental entity or tribal authority;

1.41.6 Easements, rights-of-way, servitudes, surface leases, sub-surface leases, grazing rights, logging rights, canals, ditches, reservoirs, pipelines, utility lines, telephone lines, power lines, railways, streets, roads, highways and structures on, over and through the Properties, to the extent such rights, interests or structures do not materially interfere with the operation of the Properties;

1.41.7 The terms and conditions of all leases, units, agreements, contracts, instruments, licenses and permits associated with, attributable to or encumbering the Properties which have been filed with the appropriate governmental entity or tribal authority, placed of record in the appropriate County records or otherwise disclosed by Seller to Buyer;

1.41.8 Liens for taxes or assessments not yet due or not yet

delinquent or, if delinquent, that are being contested by Seller in good faith in the normal course of business, and if such liens or assessments are delinquent as of Closing, Seller indemnifies Buyer with respect thereto;

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1.41.9 Liens of operators relating to obligations not yet due or not yet delinquent or, if delinquent, that are being contested by Seller in good faith in the normal course of business, and if such liens are delinquent as of Closing, Seller indemnifies Buyer with respect thereto;

1.41.10 Alleged Title Defect(s) which do not meet the individual threshold amount set forth in Article 1.4, the Buyer Basket maximum has not been reached, or which Buyer has waived under Article 4.3;

1.41.11 Alleged Adverse Condition(s) which do not meet the individual threshold amounts set forth in Article 1.3, the Buyer Basket maximum has not been reached, or which Buyer has waived under Article 5.3;

1.41.12 Gas imbalances associated with the Properties; and

1.41.13 Suspense funds associated with the Properties.

1.42 [Intentionally left blank.]

1.43 "Process Safety Management" has the meaning set forth in Article 8.8.

1.44 "Property" or "Properties" means Seller's ownership interests in the

properties (real, personal or mixed) and appurtenant rights (contractual or otherwise) as follows:

1.44.1 All of Seller's right, title and interests in, to and under, or derived from, the oil and gas leasehold interests, royalty interests, overriding royalty interests, mineral interests, production payments, net profits interests and surface interests which are described in Exhibit "A";

1.44.2 All of Seller's right, title and interests in, to and under, or derived from, all of the presently existing and valid unitization, communization and pooling declarations, orders, and agreements (including all units formed by voluntary agreement and those formed under the rules, regulations, orders or other official acts of any governmental entity or tribal authority having appropriate jurisdiction) to the extent they relate to any of the interests which are described in Exhibit "A", or the production of oil, gas or other hydrocarbon and non-hydrocarbon substances attributable thereto;

1.44.3 All of Seller's right, title and interests in, to and under, or derived from, all of the presently existing and valid oil sales contracts, casinghead gas sales contracts, gas sales contracts, processing contracts, gathering contracts, transportation contracts, easements,

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rights-of-way, servitudes, surface leases, subsurface leases, permits, licenses, farm-out contracts, farm-in contracts, balancing contracts (including but not limited to the gas imbalances described in Exhibit "D"), suspense funds, operating agreements, areas of mutual interest, and other contracts, agreements and instruments (including but not limited to the material contracts described in Exhibit "C") to the extent they relate to any of the interests which are described in Exhibit "A", or the production of oil, gas or other hydrocarbon and non-hydrocarbon substances attributable thereto;

1.44.4 All of Seller's right, title and interests in, to and under, or derived from, the personal property, improvements, fixtures, wells (whether producing, plugged and abandoned, shut-in, injection, disposal or water supply), tanks, boilers, buildings, machinery, equipment, pipelines, utility lines, power lines, telephone lines, roads and other appurtenances, to the extent the same are situated upon and used or held for use by Seller solely in connection with the ownership, operation, maintenance or repair of the interests which are described in Exhibit "A", or the production of oil, gas or other hydrocarbon and non-hydrocarbon substances attributable thereto;

1.44.5 All of Seller's right, title and interests in, to and under, or derived from, the seismic, geologic or geophysical information and data to the extent the same relates to any of the interests which are described in

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communications, personnel information, tax information, information covered by a non-disclosure obligation and information covered by a legal privilege;

(d) The properties (real, personal and mixed) and appurtenant rights (contractual or otherwise) described in Exhibits "F" and "F-1"; and

(e) A concurrent interest in, to and under, or derived from, the contracts, agreements, instruments, permits, easements, rights-of-way, surface leases, subsurface leases and any other rights (contractual or otherwise) to the extent that they relate to or affect the interests reserved herein.

1.45 "Purchase Price" has the meaning set forth in Article 3.1.

1.46 "Records" means all of Seller's books, records and files related to

the Properties; provided however, the term Records shall not include (and Seller shall have no obligation to deliver to Buyer) previous offers and economic analyses associated with the purchase, sale or exchange of the Properties, proprietary information, interpretive information, reserve data, internal communications, personnel information, tax information, information covered by a non-disclosure obligation and information covered by a legal privilege.

1.47 "Respondent" has the meaning set forth in Article 18.1.

1.48 "Seller Group" has the meaning set forth in Article 8.2.

1.48.1 "Stock Warrant Agreement" means the agreement to be entered into on

the terms outlined on Exhibit "S".

1.49 "Sublease Agreement" means a document in the form of Exhibit "R".

1.50 "Surface Deed" means a document in the form of Exhibit "J".

1.51 "Third Party" means any person or entity, governmental or otherwise,

other than Seller and Buyer.

1.52 "Title Defect" means any lien, encumbrance, encroachment or

defect associated with Seller's title to the Properties (excluding Permitted Encumbrances) that would cause Seller, as of Closing, not to have Defensible Title.

1.53 "Transition Agreement" means a document in the form of Exhibit "P".

ARTICLE 2. SALE AND PURCHASE -----

2.1 Sale and Purchase. On the Closing Date, effective as of the

Effective Time, and upon the terms and conditions herein set forth, Seller agrees

to sell and assign the Properties to Buyer and Buyer agrees to buy and

accept the Properties.

ARTICLE 3. PURCHASE PRICE, DEPOSIT AND PREFERENTIAL RIGHTS

3.1 Purchase Price. The total purchase price, subject to adjustments as

set forth in this Agreement, paid to Seller by Buyer for the Properties shall be Two Hundred Thirty-Seven Million Five Hundred Thousand and No/100 United States Dollars (US \$237,500,000) ("Purchase Price"), payable in full at Closing in immediately available funds. The Purchase Price shall be increased by the Computed Interest from the Effective Time through Closing. As partial consideration for this sale, (a) Buyer and Seller also shall enter into an agreement(s) to provide to Seller a warrant to purchase One Million Five Hundred Thousand (1,500,000) shares of common stock of Buyer on the terms provided in Exhibit "S," and (b) Buyer grants Seller the option provided in Article 16.4. For the avoidance of doubt, the parties expressly agree that there shall be no Purchase Price adjustment for Alleged Adverse Conditions, Alleged Title Defects, Non-Environmental Claims under Article 8.2 or Environmental Claims under Article 8.3, unless and until the aggregate total thereof exceeds the Buyer Basket maximum, in which event the Purchase Price adjustment (or other type of compensation to be made pursuant to Article 1.9.1) shall be limited to the amount by which the total of all such Alleged Adverse Conditions, Alleged Title Defects, Non-Environmental Claims and Environmental Claims exceeds the Buyer Basket maximum.

3.2 Deposit. Within twenty-four hours after execution of this Agreement,

Buyer shall pay to Seller a deposit in the amount of ten percent (10%) of the unadjusted Purchase Price ("Deposit"). In the event of Closing, the Purchase Price shall be credited by the amount of the Deposit (plus Computed Interest on the Deposit from the date of receipt by Seller until Closing). If Closing does not occur, the Deposit (plus Computed Interest on the Deposit from the date of receipt by Seller until termination) will be refunded to Buyer, unless Closing failed to occur as a result of Buyer's breach of this Agreement (including without limitation Buyer's failure to comply with Article 14.1) in which case Seller shall retain the Deposit plus all interest thereon as liquidated damages and not as a penalty and as Seller's sole remedy at law or in equity.

3.3 Preferential Rights To Purchase. Buyer's good faith allocation of

the Purchase Price as set forth in Exhibit "B" shall be used by Seller to provide any required preferential purchase right notifications. If, prior to Closing, a holder of a preferential purchase right notifies Seller that it intends to exercise its rights with respect to a Property to which its preferential purchase right applies (as determined in accordance with the agreement in which the preferential purchase right arises), the Property covered by said preferential purchase right shall be excluded from the Properties to be conveyed to Buyer, and the Purchase Price shall be reduced by the value allocated to said Property in Exhibit "B". Buyer acknowledges and agrees that

extent of the preferential purchase rights encumbering the Properties, and said determination shall be used by Seller to provide the preferential purchase right notifications. If the holder of the preferential purchase right fails to consummate the purchase of the Property subject to the preferential purchase right, Seller shall promptly notify Buyer. Within ten (10) Business Days after Buyer's receipt of such notice or Closing, whichever is later, Seller shall sell to Buyer, and Buyer shall purchase from Seller, such Property under the terms of this Agreement for a price equal to the value allocated to such Property in Exhibit "B". Notwithstanding the foregoing, Buyer shall have no obligation under this Agreement or otherwise to purchase the Property if Buyer is not notified of the preferential purchase right holder's failure to consummate the purchase of the Property within one hundred twenty (120) Days following Closing.

ARTICLE 4. TITLE REVIEW

4.1 Review of Title Records. Upon execution of this Agreement, Seller

shall make available to Buyer during reasonable business hours Records in Seller's possession relating to the title to the Properties. Buyer shall be entitled to review said title Records. Buyer shall have the right to reasonably request copies of any and all such title Records and upon such request, Seller shall provide the requested copies to Buyer at Buyer's expense.

4.2 Alleged Title Defects. As soon as reasonably practicable (and on an

ongoing basis), but in no event later than one hundred twenty (120) Days after Closing, Buyer shall notify Seller of any Properties which are subject to Alleged Title Defect(s). Buyer's notice asserting Alleged Title Defect(s) shall include a description and full explanation (including any and all supporting documentation associated therewith) of each Alleged Title Defect being claimed and a value which Buyer in good faith attributes to curing the same. Seller, during said one hundred twenty (120) Day period, shall have the right to notify Buyer of any increases in Net Revenue Interest or decreases in Working Interest in the Properties and request a corresponding adjustment. Buyer and Seller shall meet from time to time as necessary in an attempt to mutually agree on a proposed resolution with respect to the Alleged Title Defect(s) raised by Buyer and increases in Net Revenue Interest or decreases in Working Interest raised by Seller. Such agreed amounts shall be netted against one another. The value allocated to each Property as set forth on Exhibit "B" and the costs to cure such title defects shall be used by the parties to determine the amount of any adjustment, if any, due to the existence of an Alleged Title Defect. It is recognized that good faith differences of opinion may exist between Buyer and Seller in connection with the Alleged Title Defect(s) raised by Buyer and adjustments to the Net Revenue Interests or Working Interests raised by Seller,

including without limitation, disputes as to: (a) whether or not the alleged defect constitutes an Alleged Title Defect within the meaning of this Agreement, (b) whether or not the magnitude of the alleged defect individually or in the aggregate exceeds the threshold amounts set forth in Article 1.4 and 1.9.1, respectively, (c) whether or not the Alleged Title Defect raised by Buyer was

properly and timely asserted by Buyer pursuant to this Article, and/or (d) the appropriate upward or downward adjustment, if any, on account of a change in the Net Revenue Interest or Working Interests from those set forth in Exhibit "A". If any such differences of opinion are not resolved by mutual agreement of Buyer and Seller, either party shall have the right, exercisable within two hundred one (210) Days after Closing, to initiate binding arbitration in accordance with Article 18.1, using arbitrators who are attorneys licensed in the state where the Property at issue is located and who have at least ten (10) years oil and gas title experience.

4.3 Waiver. Except for claims Buyer asserts under Seller's special

warranty of title contained in Article 9.1, all title objections (including without limitation Alleged Title Defect(s)) not raised or referred to binding arbitration, as applicable, by Buyer within the time period provided in Article 4.2 shall be waived by Buyer for all purposes, and Buyer shall have no right to seek an adjustment to the Purchase Price, make a claim (in accordance with Article 18.1 or otherwise) against Seller or seek indemnification (in accordance with Article 8 or otherwise) from Seller associated with the same, and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims.

ARTICLE 5. INSPECTION OF PREMISES

5.1 Inspection of Premises. Prior to Closing, Buyer shall have access

during reasonable business hours to the Records and to Seller-operated Properties, and Seller shall use reasonable efforts to obtain permission for Buyer to gain access to the Third Party-operated Properties, for the purpose of inspecting the Records and the environmental and physical condition of the Properties. Such inspection shall be conducted in accordance with the terms of the Confidentiality Agreement.

5.2 Alleged Adverse Conditions. As soon as reasonably practical (and on

an ongoing basis), but in no event later than one hundred and eighty (180) Days after Closing, Buyer shall notify Seller of any Properties which are subject to Alleged Adverse Condition(s). Buyer's notice of Alleged Adverse Condition(s) shall include a complete description of each individual condition to which Buyer takes exception (including any and all supporting documentation associated therewith) and the costs which Buyer in good faith attributes to remediating the

same. Buyer and Seller shall meet from time to time as necessary in an attempt to mutually agree on a proposed resolution with respect to the Alleged Adverse Condition(s) raised by Buyer. The value allocated to each Property as set forth on Exhibit "B" and the costs to cure such adverse condition shall be used by the parties to determine the amount of any adjustment, if any, due to the existence of an Alleged Adverse Condition. It is recognized that good faith differences of opinion may exist between Buyer and Seller in connection with the Alleged Adverse Condition(s) raised by Buyer, including without limitation, disputes as to: (a) whether or not the alleged defect constitutes an Alleged Adverse Condition

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within the meaning of this Agreement, (b) whether or not the magnitude of the alleged defect individually or in the aggregate exceeds the threshold amounts set forth in Article 1.3 and 1.9.1 respectively, (c) whether or not the Alleged Adverse Condition raised by Buyer was properly and timely asserted by Buyer pursuant to this Article, and/or (d) the adjustment, if any, on account of the Alleged Adverse Condition. If any such difference of opinion regarding an Alleged Adverse Condition raised by Buyer is not resolved by mutual agreement of Buyer and Seller, either party shall have the right, exercisable within two hundred seventy (270) Days after Closing, to initiate binding arbitration in accordance with Article 18.1. Notwithstanding anything contained in this Agreement to the contrary (including Article 18.1), if Seller disagrees with the decision of the arbitration panel, Seller shall have the right (but not the obligation) to: (i) remediate, at Seller's sole cost, the Property at issue to a point where it is in compliance with the Laws, or (ii) require the reassignment of the Property at issue from Buyer to Seller. If Seller elects to require the reassignment of the Property at issue, Buyer and Seller will take all necessary action (including without limitation, execution of documentation and conducting an accounting) required to place the parties back into a position with respect to the Property at issue just prior to Closing.

5.3 Waiver. All adverse conditions (including without limitation Alleged

Adverse Condition(s)) not raised or referred to binding arbitration, as applicable, by Buyer within the time period provided in Article 5.2 shall be waived by Buyer for all purposes, and Buyer shall have no right to seek an adjustment to the Purchase Price, make a claim (in accordance with Article 18.1 or otherwise) against Seller or seek indemnification (in accordance with Article 8 or otherwise), from Seller associated with the same, except as provided in the following sentence; and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims.

Notwithstanding anything to the contrary in this Article 5.3, Buyer shall be entitled to seek indemnification under Article 8.3 for any and all Environmental Claims which are asserted by Third Parties (except Affiliates of Buyer), if Buyer gives Seller notice thereof in accordance with Article 8.9 within twelve (12) months after the Closing Date, except for Environmental Claims of which Buyer had knowledge within the first one hundred eighty (180) Days after Closing

and did not provide the notice required in Article 5.2.

ARTICLE 6. ACCOUNTING

6.1 Revenues, Expenses and Capital Expenditures. All merchantable oil,

liquid hydrocarbon and non-hydrocarbon substances stored in tanks and vessels on the Properties (including any and all line fill owned by Seller or its Affiliates downstream of the custody transfer point) will be gauged to the bottom of the flange by Seller or the operator of the Properties, as applicable, as of the Effective Time, and Seller shall be entitled to the proceeds associated with such

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oil, liquid hydrocarbon and non-hydrocarbon substances so gauged when sold. Oil, liquid hydrocarbon and non-hydrocarbon substances in treating equipment and separation equipment below pipeline connections as of the Effective Time shall not be considered to be merchantable and shall become the property of Buyer. Seller shall be entitled to all operating revenues and related accounts receivable arising in the ordinary course of business attributable to the Properties and shall be responsible for all operating expenses and related accounts payable (except as provided below) arising in the ordinary course of business attributable to the Properties, in each case to the extent they relate to the period of time prior to the Effective Time. Buyer shall be entitled to all operating revenues and related accounts receivable arising in the ordinary course of business attributable to the Properties and responsible for the payment of all operating expenses and related accounts payable arising in the ordinary course of business attributable to the Properties, in each case to the extent they relate to time after the Effective Time. Notwithstanding anything contained in this Agreement to the contrary, Buyer shall assume and be solely responsible for: (a) any and all suspense funds associated with the Properties, (b) any and all gas imbalances associated with the Properties, and (c) any and all capital expenditures associated with the Properties to the extent said capital expenditures were incurred (or the obligation to incur said costs and expenses was undertaken) by Seller within the period of time six (6) months prior to Closing and exceed one percent (1%) of the unadjusted Purchase Price. The actual amounts or values associated with the above shall be accounted for in the Final Accounting Settlement.

6.2 Taxes. All taxes and assessments, including without limitation,

excise taxes, ad valorem taxes and any other federal, state, local or tribal taxes or assessments attributable to the ownership or operation of the Properties prior to the Effective Time shall remain Seller's responsibility, and all deductions, credits or refunds pertaining to the aforementioned taxes and assessments, no matter when received, shall belong to Seller. All taxes and assessments, including without limitation, excise taxes, ad valorem taxes and any other federal, state, local or tribal taxes and assessments attributable to

the ownership or operation of the Properties after the Effective Time (excluding Seller's income taxes from the Effective Time through Closing and any associated capital gains taxes which shall remain Seller's obligation) shall be Buyer's responsibility, and all deductions, credits or refunds pertaining to the aforementioned taxes and assessments, no matter when received, shall belong to Buyer. The actual amounts or values associated with the above, shall be accounted for in the Final Accounting Settlement. Buyer shall additionally be solely responsible for all transfer, sales, use or similar taxes resulting from or associated with the transaction contemplated under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Seller shall be entitled to retain any and all Section 29 tax credits associated with the Properties from the Effective Time through Closing.

6.3 Obligations and Credits. All prepaid insurance premiums, utility

charges, taxes, rentals, deposits and any other prepaids applicable to the period of time after the Effective Time, if any, and attributable to the Properties shall be reimbursed to Seller by Buyer, and all accrued payables applicable to the period of time prior to the Effective Time, if any, and attributable to the Properties shall be the responsibility of Seller. The actual amounts or values associated with the above shall be accounted for in the Final Accounting Settlement.

6.4 Miscellaneous Accounting. In addition to the items set forth in

Articles 6.1 through 6.3, any other amounts due between Buyer and Seller related to the ownership or operation of the Properties from the Effective Time through Closing shall be accounted for in the Final Accounting Settlement.

6.4.1 For purposes of the Purchase Price, the parties have assumed that Seller's aggregate imbalance attributable to the Properties as of Closing is the same as the total volume of overproduction specified on Exhibit "D." If, as of December 1, 1997, there exists field production imbalances attributable to Seller's interests in the Properties that are either twenty percent (20%) greater than or twenty percent (20%) less than the total specified on Exhibit "D," the Final Accounting Settlement shall reflect an adjustment of the amount owed by Seller to Buyer or Buyer to Seller respectively, using a price of One Dollar per MMBTU (\$1.00/MMBTU) for the difference between the actual total imbalance volume and the total imbalance volume as stated on Exhibit "D".

6.5 Final Accounting Settlement. As soon as reasonably practicable, but

in no event later than one hundred and eighty (180) Days after Closing, Seller shall deliver to Buyer a post-Closing statement setting forth a detailed calculation of all post-Closing adjustments applicable to the period of time between the Effective Time and Closing ("Final Accounting Settlement"). As soon

as reasonably practicable, but in no event later than thirty (30) Days after Buyer receives the post-Closing statement, Buyer shall deliver to Seller a written report containing any changes which Buyer proposes to be made to such post-Closing statement. If Buyer fails to timely deliver the written report to Seller containing changes Buyer proposes to be made to the post-Closing statement, the post-Closing statement delivered by Seller shall be deemed to be true and correct and the same shall be final and binding on the parties and not subject to arbitration hereunder. As soon as reasonably practicable, but in no event later than fifteen (15) Days after Seller receives Buyer's written report, the parties shall meet and undertake to agree on the final post-Closing adjustments. If the parties fail to agree on the final post-Closing adjustments within such fifteen (15) Day period, the disputed items shall be resolved by submitting the same to Arthur Andersen LLP (the "Accounting Referee"). The Accounting Referee shall resolve the dispute(s) regarding the post-Closing adjustments within thirty (30) Days after having the relevant materials submitted for review. The decision of the Accounting Referee shall be binding on and non-appealable by the parties. The fees and expenses associated with the Accounting Referee shall be borne equally by Buyer and Seller. The date upon which all amounts associated with the Final Accounting Settlement are agreed to by the parties, whether by decision of the Accounting Referee or otherwise, shall be herein called the "Final

Settlement Date". Any amounts owed by either party to the other as a result of such post-Closing adjustments shall be paid within five (5) Business Days after the Final Settlement Date.

6.6 Post-Final Accounting Settlement. Any revenues received or costs and

expenses paid by Buyer after the Final Accounting Settlement which are attributable to the ownership or operation of the Properties prior to the Effective Time, and not assigned to Buyer, shall be billed or reimbursed, as appropriate, to Seller within thirty (30) Days after receipt by Buyer. Any revenues received or costs and expenses paid by Seller after the Final Accounting Settlement which are attributable to the ownership or operation of the Properties after the Effective Time, and not reserved by Seller, shall be billed or reimbursed, as appropriate, to Buyer within thirty (30) Days after receipt by Seller.

ARTICLE 7. LOSS, CASUALTY AND CONDEMNATION

7.1 Notice of Loss. From the date hereof until Closing, Seller shall

promptly notify Buyer of any loss or damage to the Properties, or any part thereof, known to Seller exceeding One Hundred Thousand and No/100 United States Dollars (US \$100,000) net to Seller's interest.

7.2 Casualty and Condemnation. If, prior to Closing, a substantial part

of the Properties shall: (a) be destroyed by a Casualty Loss, or (b) be taken in condemnation or if proceedings for such purposes shall be pending; then Seller and Buyer shall attempt to mutually agree on a reduction in the Purchase Price reflecting the reduction in the value of the Properties affected by the Casualty Loss or taking. If Seller and Buyer are unable to mutually agree on such reduction, either party shall have the right, exercisable within ninety (90) Days after Closing, to initiate binding arbitration in accordance with Article 18.1. Seller shall retain any and all sums paid to Seller, unpaid awards, insurance proceeds or other payments associated with or attributable to such Casualty Loss or taking.

ARTICLE 8. ALLOCATION OF RESPONSIBILITIES AND INDEMNITIES

8.1 Opportunity for Review. Each party represents that it has had an

adequate opportunity to review the following indemnity and release provisions, including the opportunity to submit the same to legal counsel for review and comment. Based upon the foregoing representation, the parties agree to the provisions set forth below.

8.2 Seller's Non-Environmental Indemnity Obligation. Seller shall,

subject to the limitations set forth below, release Buyer from and shall fully protect, indemnify and defend Buyer, its officers, agents, employees and Affiliates ("Buyer Group") and hold them harmless from and against any and all Non-Environmental Claims, and any and all occurrences and

conditions which would otherwise constitute Non-Environmental Claims but which are asserted by Seller, its officers, agents, employees and Affiliates ("Seller Group"), relating to, arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time prior to Closing, including without limitation, Non-Environmental Claims relating to: (a) injury or death of any person or persons whomsoever, (b) damages to or loss of any property or resources, (c) common law causes of action such as negligence, gross negligence, strict liability, nuisance or trespass, and/or (d) fault imposed by statute, rule, regulation or otherwise. The indemnity obligation and release provided herein shall apply regardless of cause or of any negligent acts or omissions of Buyer Group.

Notwithstanding anything contained in this Agreement to the contrary, Seller shall have no obligation under this Agreement or otherwise to protect, indemnify, defend and hold harmless Buyer Group from and against any one or more of the following:

(i) Non-Environmental Claims for which Buyer has not provided Seller with written notice of such Non-Environmental Claim in accordance with Article 8.9 within eighteen (18) months after Closing (it being acknowledged and agreed that Buyer shall be solely responsible for any and all Non-Environmental Claims not raised within such eighteen month period), and/or

(ii) Non-Environmental Claims for which Buyer has provided the notice referred to in (i) immediately above unless the maximum under the Buyer Basket has been satisfied as provided in Article 1.9.1.

8.3 Seller's Environmental Indemnity Obligation. Seller shall, subject to

the limitations set forth below, release Buyer from and shall fully protect, indemnify and defend Buyer Group and hold them harmless from and against any and all Environmental Claims, and any and all occurrences and conditions which would otherwise constitute Environmental Claims but which are asserted by Seller Group, relating to, arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time prior to Closing, including without limitation, Environmental Claims relating to: (a) injury or death of any person or persons whomsoever, (b) damages to or loss of any property or resources, (c) pollution, environmental damage or violation of Environmental Laws, (d) common law causes of action such as negligence, gross negligence, strict liability, nuisance or trespass, and/or (e) fault imposed by statute, rule, regulation or otherwise. The indemnity obligation and release provided herein shall apply regardless of cause or of any negligent acts or omissions of Buyer Group.

Notwithstanding anything contained in this Agreement to the contrary, Seller shall have no obligation under this Agreement or otherwise to protect, indemnify, defend and hold harmless Buyer Group from and against any one or more of the following:

(i) Environmental Claims of which Buyer has actual knowledge within one hundred eighty (180) Days after the Closing for which Buyer has not provided Seller with written notice in accordance with Article 8.9 within said one hundred eighty (180) period, and for all other Environmental Claims for which Buyer has not provided Seller with written notice in accordance with Article 8.9 within twelve (12) months after Closing (it being acknowledged and agreed that Buyer shall be solely responsible for any and all Environmental Claims not raised within such one hundred eighty Day and twelve month period, respectively),

(ii) Environmental Claims for which Buyer has provided the notice referred to in (i) immediately above was provided, unless the maximum under the Buyer Basket has been satisfied as provided in Article 1.9.1, and/or

(iii) Environmental Claims greater than fifty percent (50%) of the unadjusted Purchase Price (it being acknowledged and agreed that Buyer shall be solely responsible for any and all Environmental Claims greater than fifty (50%) percent of the unadjusted Purchase Price).

8.4 Buyer's Non-Environmental Indemnity Obligation. Buyer shall release

Seller from and shall fully protect, indemnify and defend Seller Group and hold them harmless from and against any and all Non-Environmental Claims, and any and all occurrences and conditions which would otherwise constitute Non-Environmental Claims but which are asserted by Buyer Group, relating to, arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time prior to Closing, no matter when asserted, for which Seller's indemnity obligation has ceased, terminated (in accordance with Article 8.2 or otherwise) or did not exist, and from and against any and all Non-Environmental Claims

relating to, arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time at and after Closing, no matter when asserted; including without limitation, Non-Environmental Claims relating to: (a) injury or death of any person or persons whomsoever, (b) damages to or loss of any property or resources, (c) common law causes of action such as negligence, gross negligence, strict liability, nuisance or trespass, and/or (d) fault imposed by statute, rule, regulation or otherwise. The indemnity obligation and release provided herein shall apply regardless of cause or of any negligent acts or

omissions of Seller Group.

8.5 Buyer's Environmental Indemnity Obligation. Buyer shall release

Seller from and shall fully protect, indemnify and defend Seller Group and hold them harmless from and against any and all Environmental Claims, and any and all occurrences and conditions which would otherwise constitute Environmental Claims but which are asserted by Buyer Group, relating to, arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time prior to Closing, no matter when asserted, for which Seller's indemnity obligation has ceased, terminated (in accordance with Article 8.3 or otherwise) or did not exist, and from and against any and all Environmental Claims relating to,

arising out of, or connected, directly or indirectly, with the ownership or operation of the Properties, or any part thereof, pertaining to the period of time at and after Closing, no matter when asserted; including without limitation, Environmental Claims relating to: (a) injury or death of any person or persons whomsoever, (b) damage to or loss of any property or resource, (c) pollution, environmental damage or violation of Environmental Laws, (d) common law causes of action such as negligence, gross negligence, strict liability,

nuisance or trespass, and/or (e) fault imposed by statute, rule, regulation or otherwise. The indemnity obligation and release provided herein shall apply regardless of cause or of any negligent acts or omissions of Seller Group.

8.6 Asbestos and NORM. Buyer acknowledges that the Properties may

currently or have in the past contained asbestos or NORM and that special procedures may be required for the assessment, remediation, removal, transportation or disposal of such asbestos and NORM. Notwithstanding anything contained in this Agreement to the contrary (including without limitation Articles 5.2, 8.2 or 8.3), Buyer agrees to accept full responsibility for and shall pay all costs and expenses associated with the assessment, remediation, removal, transportation and disposal of the asbestos or NORM associated with the Properties, and shall not be entitled to claim the fact the assessment, remediation, removal, transportation or disposal of the asbestos or NORM is not complete or that additional cost will be required to complete the assessment, remediation, removal, transportation or disposal of the asbestos or NORM as an Alleged Title Defect, Alleged Adverse Condition, breach of Seller's representations and warranties or breach of Seller's indemnity obligation under this Agreement, and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims. In conducting the duties and obligations contained in this Article, Buyer shall comply with the applicable Laws.

8.7 Buyer's Assumption of Obligations. Buyer agrees to assume and shall

timely perform and discharge all duties and obligations of Seller associated with the Properties (including without limitation any contractual obligations)

relating to the period of time at and after Closing, and Seller shall incur no liability for Buyer's failure to properly perform or discharge any such duties and obligations. Notwithstanding anything contained in this Agreement to the contrary (including without limitation Articles 5.2, 8.2 or 8.3), Buyer agrees to accept full responsibility for and shall pay all costs and expenses associated with the plugging and abandonment of the wells and facilities included in the Properties, and shall not be entitled to claim the fact that plugging and abandonment operations are not complete or that additional cost will be required to complete the plugging and abandonment operations as an Alleged Title Defect, Alleged Adverse Condition, breach of Seller's representations and warranties or breach of Seller's indemnity obligation under this Agreement, and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims. In conducting the duties and obligations contained in this Article, Buyer shall comply with the applicable Laws.

8.8 Process Safety Management. Buyer acknowledges that Process Safety

Management of Highly Hazardous Chemicals; Explosives and Blasting Agents (i.e.,

29 CFR 1910) (collectively "Process Safety Management") associated with the Properties is an ongoing process. Notwithstanding anything contained in this Agreement to the contrary (including without limitation Articles 5.2, 8.2 or 8.3), Buyer agrees to accept full responsibility for and shall pay all costs and expenses associated with the Process Safety Management process (including without limitation the identification, evaluation and remediation), and shall not be entitled to claim the fact that Process Safety Management is not complete or that additional cost will be required to comply with or complete the Process Safety Management process as an Alleged Title Defect, Alleged Adverse Condition, breach of Seller's representations and warranties or breach of Seller's indemnity obligation under this Agreement, and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims. In conducting the duties and obligations contained in this Article, Buyer shall not be obligated to carry on Seller's specific Process Safety Management programs, but Buyer shall comply with the applicable Laws.

8.9 Notice of Claims. If a Claim is asserted against a party for which

the other party may have an obligation of indemnity, it shall be a condition precedent to the indemnifying party's obligations under this Article 8 that the indemnified party give the indemnifying party written notice of such Claim setting forth full particulars of the Claim (including a copy of the written Claim, if any) as then known by the indemnified party. The indemnified party shall make a good faith effort to notify the indemnifying party within one (1) month of receipt of a Claim and shall in all events effect notice within such time as will allow the indemnifying party a reasonable period of time in which to evaluate and timely respond to said Claim. The notice of Claim provided hereunder is referred to as a "Claim Notice."

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8.10 Defense of Claims. Upon receipt of a Claim Notice, the indemnifying

party may assume the defense of said Claim with counsel selected by the indemnifying party and reasonably satisfactory to the indemnified party. The indemnified party shall cooperate in all reasonable respects in such defense. If any Claim involves a fact pattern wherein Buyer may have an obligation to indemnify Seller and Seller may have an obligation to indemnify Buyer, each party shall have the right to assume the defense of and hire counsel for that portion of the Claim for which it may have an obligation of indemnity. In all instances, the indemnified party shall have the right to employ separate counsel and to participate in the defense of any Claim; provided however, the fees and expenses of counsel employed by the indemnified party shall be borne solely by the indemnified party. If the indemnifying party does not notify the indemnified party within the earlier to occur of: (a) five (5) Days before the time a response is due in any litigation matter, or (b) sixty (60) Days after receipt of the Claim Notice, that the indemnifying party elects to undertake the defense of a Claim, the indemnified party shall have the right to defend, at the expense of the indemnifying party, the Claim with counsel of the indemnified party's choosing, subject to the right of the indemnifying party to assume the

defense of the Claim at any time prior to settlement or final determination thereof. In such event, the indemnified party shall promptly send a written notice to the indemnifying party of any proposed settlement of a Claim, which settlement the indemnifying party may accept or reject, in its reasonable judgment, within thirty (30) days of receipt of such notice, unless the settlement offer is limited to a shorter period of time in which case the indemnifying party shall have such shorter period of time in which to accept or reject the proposed settlement. Failure of the indemnifying party to accept or reject such settlement within the applicable period of time shall be deemed to be its rejection of such settlement. Notwithstanding the foregoing, the indemnified party may settle any matter over the objection of the indemnifying party, but in so doing the indemnified party shall be deemed to have waived any right to indemnity therefor as to (and only as to) liabilities with respect to which the indemnifying party has acknowledged in writing its indemnity obligation.

8.11 Waiver of Certain Damages. Each of the parties hereby waives and

agrees not to seek indirect, consequential, punitive or exemplary damages of any kind with respect to any Claim or dispute arising out of or relating to this Agreement or breach hereof. This provision shall not apply to claims by Third Parties (excluding Affiliates) and shall not diminish or affect in any way the parties' rights and obligations under any indemnities provided for in this Agreement.

8.12 Limitation on Indemnities. In no event shall an indemnifying party

have any obligation of indemnification to the indemnified party, if the Claim for which indemnity is sought was caused by the gross negligence or willful misconduct of the indemnified party or its officers, directors, employees, agents, Affiliates, successors and assigns, nor shall any indemnity provisions in this Agreement apply to or be deemed to apply to matters affecting properties (real, personal or mixed) and appurtenant

rights (contractual or otherwise) other than those which are covered by this Agreement.

ARTICLE 9. SPECIAL WARRANTY AND DISCLAIMERS

9.1 Special Warranty of Title. Seller shall warrant title to and forever

defend title to the Properties conveyed to Buyer against every person whomsoever lawfully claiming title to the Properties, or any part thereof by, through or under Seller, but not otherwise.

9.2 Disclaimer - Representations and Warranties. Without in any manner

affecting or diminishing Seller's indemnity obligations under Section 8.2 and 8.3 or Buyer's due diligence rights under Article 5 above, Buyer acknowledges and agrees that the Properties are being transferred, assigned and conveyed from Seller to Buyer "AS-IS, WHERE-IS", and with all faults in their present condition and state of repair, without recourse. Except as expressly set forth in this Article 10, Seller hereby expressly disclaims any and all representations and warranties concerning the Properties, express, statutory, implied or otherwise, including without limitation: (a) any warranty of title (except for the special warranty of title set forth in Article 9.1), (b) the existence of any and all prospects, (c) the geographic, geologic or geophysical characteristics associated with any and all prospects, (d) the existence, quality, quantity or recoverability of hydrocarbon reserves associated with the Properties, (e) the costs, expenses, revenues or receipts associated with the Properties, (f) the contractual, economic or financial data associated with the Properties, (g) the continued financial viability or productivity of the Properties, (h) the environmental or physical condition of the Properties, (i) the federal, state, local or tribal income or other tax consequences associated with the Properties, or the agreements to which the Properties are subject, (j) the absence of patent or latent defects, (k) safety, (l) state of repair, (m) merchantability, and (n) fitness for a particular purpose; and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims.

9.3 Disclaimer - Statements and Information. Seller has not willfully

omitted from the materials furnished to Buyer for review any data or information which would reasonably be expected to have a material adverse effect upon the Properties. Except as immediately represented above, Seller expressly disclaims any and all liability and responsibility for and associated with the quality, accuracy, completeness or materiality of the data, information and materials furnished (electronically, orally, by video, in writing or any other medium) at any time to Buyer, its officers, agents, employees or Affiliates in connection with the transaction contemplated herein, including without limitation: (a) the existence of any and all prospects, (b) the geographic, geologic or geophysical characteristics associated with any and all prospects, (c) the existence,

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quality, quantity or recoverability of hydrocarbon reserves associated with the Properties, (d) the costs, expenses, revenues or receipts associated with the Properties, (e) the contractual, economic or financial data associated with the Properties, (f) the continued financial viability or productivity of the Properties, (g) the environmental or physical condition of the Properties, and (h) the federal, state, local or tribal income or other tax consequences associated with the Properties, or the agreements to which the Properties are subject; and Buyer (on behalf of itself, its officers, agents, employees, Affiliates, successors and assigns) irrevocably waives such claims.

ARTICLE 10. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Buyer that, to the best of Seller's knowledge, on the date hereof and as of Closing:

10.1 Organization and Good Standing. Seller is a corporation duly

organized, validly existing and in good standing under the Laws of the State of Delaware, and has all requisite corporate power and authority to own and lease the Properties. Seller is duly licensed or qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the Properties are located.

10.2 Corporate Authority; Authorization of Agreement. Seller has all

requisite corporate power and authority to execute and deliver this Agreement, to consummate the transactions contemplated herein and to perform all of the terms and conditions to be performed by it as provided for in this Agreement. The execution and delivery of this Agreement by Seller, the performance by Seller of all of the terms and conditions to be performed by it and the consummation of the transactions contemplated herein have been duly authorized and approved by all necessary corporate action. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding obligation of Seller, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other Laws relating to or affecting the enforcement of creditors' rights and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

10.3 No Violations. Assuming expiration or termination of the applicable

waiting period under the HSR Act, if applicable, the execution and delivery of this Agreement by Seller does not, and the fulfillment and compliance with the terms and conditions hereof and the consummation of the transactions contemplated herein, will not:

10.3.1 Conflict with or require the consent of any person or entity under any of the terms, conditions or provisions of the certificate of incorporation or bylaws of Seller;

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10.3.2 Violate any provision of, or require any filing, consent or approval under any Law applicable to or binding upon Seller (assuming receipt of all consents and approvals of governmental entities or tribal authorities customarily obtained subsequent to the transfers of title);

10.3.3 Conflict with, result in a breach of, constitute a default under or constitute an event that with notice or lapse of time, or both, would constitute a default under, accelerate or permit the acceleration of the performance required by, or require any consent, authorization or

approval under: (i) any mortgage, indenture, loan, credit agreement or other agreement, evidencing indebtedness for borrowed money to which Seller is a party or by which Seller is bound, or (ii) any order, judgment or decree of any governmental entity or tribal authority; or

10.3.4 Result in the creation or imposition of any lien or encumbrance upon the Properties.

10.4 Absence of Certain Changes. Between the date of execution of this

Agreement and Closing, there has not been without Buyer's prior written consent:

10.4.1 A waiver of any right of material value relating to the Properties, other than in the ordinary course of business;

10.4.2 A sale, lease or other disposition of the Properties, other than in the ordinary course of business;

10.4.3 A mortgage, pledge or grant of a lien or security interest in any of the Properties; or

10.4.4 A contract or commitment to do any of the foregoing.

10.5 Operating Costs. All costs incurred in connection with the operation

of the Properties have been fully paid and discharged by Seller, except normal expenses incurred in operating the Properties within the previous sixty (60) Days or as to which Seller has not yet been billed.

10.6 Litigation. Except as set forth in Exhibit "G" or disclosed prior to

Closing, there is no action, suit or proceeding pending against Seller which would have a material adverse effect on the value or operation of the Properties or that would prevent the consummation of the transaction contemplated by this Agreement. Amoco shall retain sole risk and responsibility of the litigation matters referenced in Exhibit "G" to the extent their underlying Claims relate to the period of time prior to Closing. Subject to Article 12.6, Buyer shall assume risk and responsibility for such litigation matters only to the extent, if any, that their underlying Claims relate to: (a) the Properties, and (b) the period of time subsequent to Closing.

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10.7 Bankruptcy. There are no bankruptcy, reorganization or receivership

proceedings pending, being contemplated by or threatened against Seller.

ARTICLE 11. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Seller that, to the best of Buyer's knowledge, on the date hereof and as of Closing:

11.1 Organization and Good Standing. Buyer is a corporation duly organized,

validly existing and in good standing under the Laws of the State of Oklahoma and has all requisite corporate power and authority to own and lease the Properties. Buyer is duly licensed or qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the Properties are located.

11.2 Corporate Authority; Authorization of Agreement. Buyer has all

requisite corporate power and authority to execute and deliver this Agreement, to consummate the transactions contemplated herein and to perform all the terms and conditions to be performed by it as provided for in this Agreement. The execution and delivery of this Agreement by Buyer, the performance by Buyer of all the terms and conditions to be performed by it and the consummation of the transactions contemplated herein have been duly authorized and approved by all necessary corporate action. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other Laws relating to or affecting the enforcement of creditors' rights and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

11.3 No Violations. Assuming expiration or termination of the applicable

waiting period under the HSR Act, if applicable, the execution and delivery of this Agreement by Buyer does not, and the fulfillment and compliance with the terms and conditions hereof and the consummation of the transactions contemplated herein, will not:

11.3.1 Conflict with or require the consent of any person or entity under any of the terms, conditions or provisions of the certificate of incorporation or bylaws of Buyer;

11.3.2 Violate any provision of, or require any filing, consent or approval under any Law applicable to or binding upon Buyer; or

11.3.3 Conflict with, result in a breach of, constitute a default under or constitute an event that with notice or lapse of time, or both, would constitute a default under, accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval under: (i) any mortgage, indenture, loan, credit agreement or other agreement evidencing indebtedness for borrowed money to which

Buyer is a party or by which Buyer is bound, or (ii) any order, judgment or decree of any governmental entity or tribal authority.

11.4 SEC Disclosure. Buyer is acquiring the Properties for its own account

for use in its trade or business, and not with a view toward or for sale in connection with any distribution thereof, nor with any present intention of making a distribution thereof within the meaning of the Securities Act of 1933, as amended.

11.5 Independent Evaluation. Buyer represents that it is sophisticated in

the evaluation, purchase, ownership and operation of oil and gas properties and related facilities. In making its decision to enter into this Agreement and to consummate the transaction contemplated herein, Buyer represents that: (a) it has relied or shall rely solely on its own independent investigation and evaluation of the Properties, and (b) it has satisfied or shall satisfy itself as to the physical and environmental condition of the Properties.

11.6 Buyer's Reliance. Buyer acknowledges and agrees that it is entitled to

rely only on the express representations and warranties set forth in this Agreement.

ARTICLE 12. ADDITIONAL COVENANTS AND CONSIDERATIONS -----

12.1 Subsequent Operations. Seller makes no representations or warranties

to Buyer as to the transferability or assignability of operatorship of the Properties. Buyer acknowledges that the rights and obligations associated with operatorship of the Properties are governed by the applicable agreement(s) and that operatorship of the Properties will be decided in accordance with the terms of said agreement(s). Within ten (10) Days after Closing, Seller shall send out notices, where applicable, advising working interest owners of the Properties it operates that it has transferred its interests in the Properties to Buyer. Within fifteen (15) Days after Closing, Buyer shall send out ballots, where applicable, associated with the selection of a successor operator of the Properties. Seller shall have no obligation under this Agreement or otherwise to send out notices balloting for the selection of a successor operator.

12.2 [Intentionally omitted.]

12.3 Transition Agreement. At Closing, Buyer and Seller shall execute the

Transition Agreement.

12.4 License Agreement(s). At Closing, Buyer and Seller shall execute the

License Agreement - SAMS, covering certain proprietary technology of Seller,

including the "SAMS" automation system. If requested by Seller, Buyer shall execute and deliver to Seller a License Agreement - Seismic in a mutually agreed form, granting to Seller, at no cost to Seller, a right and license to use the

seismic data, or any portion thereof, conveyed to Buyer under the terms of this Agreement.

12.5 Sublease Agreement. At Closing, Buyer and Seller shall execute the

Sublease Agreement covering various compressors, separators and other facilities located on the Properties which are subject to an existing sublease(s) from Amoco Equipment Leasing Company to Seller.

12.6 Settlement of Outstanding Litigation. Seller shall not settle any

claims, litigation or other disputes which involve the Properties, or any portion thereof, as of the Closing in any manner which would decrease Buyer's net revenue interest in the Properties or would otherwise materially and adversely affect Buyer's ownership or operation of the Properties without Buyer's written consent. If any such claims, litigation or other disputes are resolved by arbitration, litigation or otherwise (whether or not Buyer approved any settlement proposal related thereto) which results in a decrease in Buyer's net revenue interest in the Properties or otherwise materially and adversely affects Buyer's ownership or operation of the Properties ("Adverse Consequence"), Buyer is entitled to give notice (in accordance with Article 8.9) of such Adverse Consequence to Seller within ninety (90) Days after Buyer receives actual knowledge of the Adverse Consequence, and each such Adverse Consequence for which notice is so given, shall be considered an Alleged Title Defect under this Agreement, if it meets the definitional requirements of Article 1.4, notwithstanding the termination of the one hundred twenty (120) Day limitation provided in Article 4.2.

12.7 Certain Cooperation. Seller agrees that it shall provide Buyer upon

written request of Buyer copies of historical financial data for the Properties for the years 1995 and 1996 and 1997 year-to-date information up to the date of Closing (including monthly and calendar quarter summaries within those periods), including lease operating statements and lease operating costs reports and shall allow Buyer's employees and representatives reasonable access upon prior written notice to supporting records, invoices and other source documents insofar as required to comply with Buyer's legal reporting requirements, provided, however, that Seller shall provide only such data as it has in its possession and shall not be obligated to generate such data in any particular form or format.

ARTICLE 13. PERSONNEL MATTERS

13.1 Employee Lists. Prior to Closing, Seller will make available to Buyer

a list of employees who are directly engaged in the operation, maintenance, administration, measurement, automation and similar functions for the Properties subject to this Agreement, who are available for immediate employment by Buyer commencing at Closing. Buyer shall not solicit employment of any employees of Seller other than those on the list provided without obtaining the advance written permission of Seller. This restriction shall remain in effect for twenty four (24) months after Closing.

13.2 Offers of Employment. Buyer may make offers of employment to any of

the employees included on the list provided by Seller. Offers of employment shall be effective upon Closing or, if Seller operates the Properties for a transition period after Closing, then such offers shall be effective at the conclusion of the transition period. Any offers of employment made by Buyer to employees of Seller shall be at substantially similar salaries or wages, with similar duties and responsibilities at the same location that such employee had immediately prior to Closing.

13.3 Savings Plan. Buyer shall allow employees to participate in the Buyer

Savings Plan upon each such employee's earliest eligibility date under the terms and conditions of the Buyer Savings Plan. If such employee terminates service after participating in the Buyer Savings Plan, but prior to attaining the full vesting date under such plan, Buyer shall pay to such employee from general company assets the difference between such employee's unreduced (pre-forfeiture) account balance and the amount actually paid by the Buyer Savings Plan to such employee. Buyer shall permit employees at their option to transfer their Amoco Savings Plan accounts to the Buyer Savings Plan pursuant to a trust to trust transfer within ninety (90) days of Closing or their date of termination from Seller, whichever is later, and to transfer any outstanding loan balances to the Buyer Savings Plan under terms and conditions established by the Buyer Savings Plan. Employees shall be fully vested in all assets transferred from the Amoco Savings Plan to the Buyer Savings Plan.

13.4 Other Employee Benefits. Except as provided in Section 13.3, Buyer

shall recognize the prior service with Seller and its Affiliates of employees for all purposes, including, without limitation, eligibility, vesting, and benefit determination and accrual, in connection with other employee benefits and policies such as vacations, bonuses, sickness and disability leave and all other employee benefits and policies. Except as otherwise provided in this Agreement, employees and their eligible dependents who are enrolled in medical, dental, life insurance and long-term disability plans available to such employees as a result of their employment by Seller immediately prior to Closing shall be eligible to enroll in any plan or plans established by Buyer which

provide similar benefits to its employees as of Closing. If employees enroll in such plans, no physical examination or other proof of insurability shall be required. Also, all coverage exclusions and limitations relating to waiting periods or pre-existing conditions with respect to such personnel or their dependents shall be waived. Any expenses incurred by employees or their dependents incurred prior to and including the end of the transition period which are used to satisfy deductibles or co-pay amounts for 1997 under Seller's welfare benefit plans (as defined under Section 3(1) of ERISA) may be used to satisfy any deductibles and co-pay amounts for Buyer's current plan year under the corresponding plans of Buyer.

13.5 Accrued and Unused Vacation. Between the end of the transition period

and the end of the same calendar year in which transition occurs, Buyer shall permit all Personnel to take the same number of days of vacation as they

would have been eligible to take immediately prior to their termination under the vacation policy of Seller, based upon the original hire date of such employee by Seller or its Affiliates.

13.6 Severance. Buyer acknowledges that employees would have been eligible

to receive the severance benefits described in the current 1997 Amoco Corporation and Participating Affiliates Severance Benefits Plan (the "Amoco Severance Plan"), had they not been offered comparable positions with Buyer. Therefore, Buyer agrees to provide the severance benefits that described in the Amoco Severance Plan, including, without limitation, a severance allowance, medical benefits, life insurance, and educational assistance, to employees whose employment is terminated by Buyer or who are offered positions with Buyer that require a geographical relocation or who suffer wage cuts effected by Buyer during the period of eighteen (18) months after Closing under circumstances that would make such employees eligible for the severance benefits described in the Amoco Severance Plan. During this same eighteen (18) month period, Buyer also agrees to provide an additional sixty (60) Days on the payroll after such employees are notified of eligibility for severance benefits, which is consistent with the past practice and policy of Seller, and to provide up to Five Thousand Dollars (\$5,000) in outplacement benefits to each of such employees, with the level of outplacement benefits actually provided being commensurate with the level of benefits provided by Seller. For purposes of calculating the severance allowance described in the Amoco Severance Plan, "credited service" shall include service with Seller and/or its Affiliates in addition to service with Buyer and/or its Affiliates for employees. Buyer also agrees to include Seller and its Affiliates as third party beneficiaries in any release executed by employees in order to receive the severance benefits described in the Amoco Severance Plan. Lastly, Buyer agrees not to require employees to execute a release in order to receive the sixty (60) Days on the payroll and the outplacement benefits described above.

ARTICLE 14. HSR FILINGS

14.1 HSR Filings. If compliance with the HSR Act is required in connection

with the transaction contemplated under this Agreement, as promptly as practicable and in any event not more than fifteen (15) Business Days following the date on which the parties have executed this Agreement, both parties will file with the Federal Trade Commission and the Department of Justice, as applicable, the notification and report forms required for the transactions contemplated herein and will as promptly as practicable furnish any supplemental information which may be reasonably requested in connection therewith. Each party shall request expedited treatment of such filing. If failure by either party to obtain timely authorization from the Federal Trade Commission or the Department of Justice results in the inability of the parties to Close on the Closing Date, the time for Closing shall automatically be extended until such date as Closing can occur in compliance with the HSR Act.

ARTICLE 15. CONDITIONS PRECEDENT TO CLOSING

15.1 Conditions Precedent to Seller's Obligation to Close. Seller shall be

obligated to consummate the sale of the Properties as contemplated by this Agreement on the Closing Date, provided the following conditions precedent have been satisfied or have been waived by Seller:

15.1.1 All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects at and as of Closing as though such representations and warranties were made at and as of such time; and

15.1.2 Buyer shall have complied in all material respects with all obligations and conditions contained in this Agreement to be performed or complied with by Buyer on or prior to Closing.

15.2 Conditions Precedent to Buyer's Obligation to Close. Buyer shall be

obligated to consummate the purchase of the Properties as contemplated by this Agreement on the Closing Date, provided the following conditions precedent have been satisfied or have been waived by Buyer:

15.2.1 All representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects at and as of

Closing as though such representations and warranties were made at and as of such time; and

15.2.2 Seller shall have complied in all material respects with all obligations and conditions contained in this Agreement to be performed or complied with by Seller on or prior to Closing.

15.3 Conditions Precedent to Obligation of Each Party to Close. The

parties shall be obligated to consummate the sale and purchase of the Properties as contemplated in this Agreement on the Closing Date, provided the following conditions precedent have been satisfied or have been waived by the applicable party:

15.3.1 No suit, action or other proceedings shall be pending before any court or governmental entity in which it is sought by a person or entity other than the parties hereto or any of their Affiliates, officers, directors or employees to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement, or to obtain substantial damages in connection with the transaction contemplated herein, nor shall there be any investigation by a governmental entity pending which might result in any such suit, action or other proceedings seeking to restrain, enjoin or otherwise prohibit the consummation of the transaction contemplated by this Agreement;

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15.3.2 If applicable, consummation of the transaction contemplated herein shall not have been prevented from occurring by (and the required waiting period, if any, shall have expired under) the HSR Act and the rules and regulations of the Federal Trade Commission or the Department of Justice;

15.3.3 All consents and approvals, if any, whether required contractually or by applicable federal, state, local or tribal Law, or otherwise necessary for the execution, delivery and performance of this Agreement (except for consents and approvals of governmental entities or tribal authorities customarily obtained subsequent to the transfer of title) shall have been obtained and delivered to Buyer or Seller, as applicable, by Closing and shall not have been withdrawn or revoked; and

15.3.4 With respect to Properties which have not been excluded from this Agreement because of exercise of a preferential purchase right, if any, the preferential purchase rights applicable to such Properties shall have been waived, or the time to elect under such preferential purchase rights shall have elapsed, prior to Closing.

ARTICLE 16. THE CLOSING

16.1 Closing. Three (3) Business Days prior to the Closing Date, Seller

shall provide Buyer with a Closing statement setting forth the Purchase Price adjusted in accordance with the terms of this Agreement. Seller shall additionally provide Buyer with wiring instructions designating the account or accounts to which the Closing funds are to be delivered in accordance with Article 16.3.5. Closing shall be held in Seller's office at the 4th Floor, 550 WestLake Park Boulevard, Houston, Texas 77079, or such other location as mutually agreed in writing by Seller and Buyer.

16.2 Obligations of Seller at Closing. At Closing, Seller shall deliver to

Buyer, unless waived by Buyer, the following:

16.2.1 A document conveying all of Seller's right, title and interests in and to the Properties substantially in the form of the Assignment and Bill of Sale attached hereto as Exhibit "I". The Assignment and Bill of Sale shall be executed and acknowledged in four (4) multiple originals or such greater number as agreed between the parties;

16.2.2 A document conveying all of Seller's right, title and interests in and to surface interests which are included in the Properties substantially in the form of the Surface Deed attached hereto as Exhibit "J". The Surface Deed shall be executed and acknowledged in four (4) multiple originals or such greater number as agreed between the parties;

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16.2.3 A document conveying all of Seller's right, title and interests in and to the mineral interests which are included in the Properties substantially in the form of the Mineral Deed attached hereto as Exhibit "K". The Mineral Deed shall be executed and acknowledged in four (4) multiple originals or such greater number as agreed between the parties;

16.2.4 Executed and acknowledged assignments of all of Seller's right, title and interest in and to federal, state or tribal interests included in the Properties on approved forms for such purpose;

16.2.5 A Certificate executed by an Attorney-in-Fact of Seller (with a true and correct copy of the Power-of-Attorney from Seller) certifying as to the matters specified in Articles 15.2.1 and 15.2.2 above substantially in the form of Exhibit "L";

16.2.6 Letters-in-Lieu of division orders or transfer orders executed by an Attorney-in-Fact of Seller substantially in the form of Exhibit "M";

16.2.7 An Opinion of Counsel executed by an attorney for Seller substantially in the form of Exhibit "N";

16.2.8 A Non-Foreign Affidavit executed by an Attorney-in-Fact of Seller substantially in the form of Exhibit "O";

16.2.9 A Transition Agreement executed by an Attorney-in-Fact of Seller substantially in the form of Exhibit "P";

16.2.10 A License Agreement - SAMS substantially in the form of Exhibit "Q", and a License Agreement - Seismic in a mutually agreed form, as provided for in Article 12.4, executed by an Attorney-in-Fact of Seller.

16.2.11 A Sublease Agreement executed by an Attorney-in-Fact of Seller substantially in the form of Exhibit "R";

16.2.12 A Stock Warrant Agreement executed by an Attorney-in-Fact of Seller under the terms outlined on Exhibit "S";

16.2.13 Evidence that all consents and approvals prerequisite for the sale and conveyance of the Properties (except for consents and approvals of governmental entities or tribal authorities customarily obtained subsequent to the transfer of title) have been obtained, as well as evidence of waiver or lapse of any unexercised preferential purchase rights applicable to the Properties; and

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16.2.14 Such other instruments as necessary to carry out Seller's obligations under this Agreement.

16.3 Obligations of Buyer at Closing. At Closing, Buyer shall deliver to -----
Seller, unless waived by Seller, the following:

16.3.1 The adjusted Purchase Price (plus Computed Interest on the Purchase Price from the Effective Time through Closing), less Deposit (plus Computed Interest on the Deposit from the date of receipt by Seller until Closing), by wire transfer in accordance with Article 3.

16.3.2 The Assignment and Bill of Sale, executed and properly acknowledged, referred to in Article 16.2.1;

16.3.3 The Surface Deed, executed and properly acknowledged, referred to in Article 16.2.2;

16.3.4 The Mineral Deed, executed and properly acknowledged, referred to in Article 16.2.3;

16.3.5 The federal, state and tribal assignments, executed and properly acknowledged, referred to in Article 16.2.4;

16.3.6 A Certificate executed by an authorized officer of Buyer

certifying as to the matters specified in Articles 15.1.1 and 15.1.2 substantially in the form of Exhibit "L";

16.3.7 Letters-in-Lieu of division orders or transfer orders executed by an authorized officer of Buyer substantially in the form of Exhibit "M";

16.3.8 An Opinion of Counsel executed by an attorney of or for Buyer substantially in the form of Exhibit "N";

16.3.9 A Transition Agreement executed by an authorized officer of Buyer substantially in the form of Exhibit "P";

16.3.10 A License Agreement - SAMS substantially in the form of Exhibit "Q", and a License Agreement - Seismic in a mutually agreed form, as provided for in Article 12.4, executed by an authorized officer;

16.3.11 A Sublease Agreement executed by an authorized officer of Buyer substantially in the form of Exhibit "R";

16.3.12 A Stock Warrant Agreement executed by an authorized officer of Buyer under the terms outlined on Exhibit "S";

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16.3.13 Evidence of compliance with all governmental and tribal requirements, if any, for the posting of plugging or other applicable bonds relating to the ownership or operation of the Properties; and

16.3.14 Such other instruments as necessary to carry out Buyer's obligations under this Agreement.

16.4 Possible Trade of Properties. Prior to Closing, Seller may elect to -----

review certain properties owned by Buyer for a possible trade; such properties were specified in a letter from Buyer to Seller dated November 6, 1997. Seller may elect to acquire the interest of Buyer in all such properties as part of the consideration hereunder, and if Seller makes such election Seller and Buyer shall agree on the terms for the transfer of such properties and at the Closing, Buyer shall deliver to Seller an Assignment and Bill of Sale covering such properties in substantially the same form as the Assignment and Bill of Sale in I."

ARTICLE 17. TERMINATION

17.1 Grounds for Termination. This Agreement may be terminated at any time -----
prior to Closing:

17.1.1 By the mutual written agreement of Seller and Buyer;

17.1.2 By either Seller or Buyer if the consummation of the transactions contemplated herein would violate any nonappealable final order, decree or judgment of any court or governmental entity having appropriate jurisdiction enjoining or awarding substantial damages in connection with the consummation of the transactions contemplated herein;

17.1.3 Notwithstanding anything contained in this Agreement to the contrary, Seller may terminate this Agreement if Closing shall not have occurred by December 31, 1997.

17.2 Effect of Termination. If this Agreement is terminated in accordance

with Article 17.1, such termination shall be without liability to any party, except return of the Deposit (plus Computed Interest on the Deposit from the date of receipt by Seller until termination of this Agreement) and performance of the obligations provided in Articles 17.3, 17.4, 17.5, 18.1, 19.3, 19.10, 19.12, 19.14, 19.15 and 19.17 (which provisions shall survive termination of this Agreement). If this Agreement is terminated as a result of Buyer's failure or refusal to perform an obligation hereunder (including without limitation Closing on the Closing Date) for reasons not specifically excused hereunder, Seller shall be entitled to retain the Deposit as liquidated damages (and not as a penalty) to reimburse Seller for its out-of-pocket fees and expenses incurred in connection with the transactions contemplated by this Agreement. The liquidated damages

referenced above shall be in lieu of all other remedies which may be available at law or in equity.

17.3 Dispute over Right to Terminate. If there is a dispute between the

parties over either party's right to terminate this Agreement under Article 17.1 or otherwise, Closing shall not occur, as scheduled. The party which disputes the other party's right to terminate the Agreement may initiate binding arbitration proceedings in accordance with Article 18.1 within thirty (30) Days of the date on which Closing was scheduled to occur and, if arbitration is so initiated, the dispute will be resolved through such binding arbitration proceeding. If the party which disputes the termination right does not initiate arbitration to resolve the dispute within the time period specified hereinabove, such party shall be deemed to have waived for all purposes its right to object to or dispute such termination.

17.4 Return of Documents. If this Agreement is terminated prior to

Closing, Buyer shall return Seller all books, records, maps, files, papers and other property in Buyer's possession relating to the transaction contemplated by

this Agreement.

17.5 Confidentiality. Notwithstanding the termination of this Agreement or

any other provision of this Agreement to the contrary, the terms of the Confidentiality Agreement dated July 23, 1997, by and between Seller and Buyer ("Confidentiality Agreement"), shall remain in full force and effect. If Closing of the transaction contemplated herein occurs, the Confidentiality Agreement shall terminate (which termination shall be effective as of the Closing).

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ARTICLE 18. ARBITRATION

18.1 Arbitration. Unless expressly provided otherwise in this Agreement,

any and all disputes arising under the terms of this Agreement ("Arbitrable Dispute") shall be referred to and resolved through the use of binding arbitration using three (3) arbitrators, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and the Federal Arbitration Act (Title 9 of the United States Code). If there is any inconsistency between this Article and any statute or rules, the terms of this Article shall control the rights and obligations of the parties. Arbitration shall be initiated within the applicable time limits set forth in this Agreement and not thereafter or if no time limit is given, within the time period allowed by the applicable statute of limitations. Arbitration shall be initiated by one (1) party ("Claimant") serving written notice on the other party ("Respondent") that the Claimant elects to refer the Arbitrable Dispute to binding arbitration, and that the Claimant has appointed an arbitrator, who shall be identified in such notice. The Respondent shall respond to the Claimant within thirty (30) Days after receipt of Claimant's notice, identifying the arbitrator Respondent has appointed. The two (2) arbitrators so chosen shall select a third arbitrator (who must have not less than ten (10) years experience as an oil and gas lawyer) within thirty (30) Days after the second arbitrator has been appointed. Seller shall pay the compensation and expenses of the arbitrator named by or for it, and Buyer shall pay the compensation and expenses of the arbitrator named by or for it. Seller and Buyer shall each pay one-half of the compensation and expenses of the third arbitrator. Unless expressly provided otherwise in this Agreement, all arbitrators must be neutral parties who have never been officers, directors or employees of the parties or any of their Affiliates. Additionally, unless expressly provided otherwise in this Agreement, the two (2) arbitrators named by the parties must have not less than ten (10) years experience in the oil and gas industry, and must have a formal education in the area of dispute (i.e., accounting for an accounting dispute, etc.). The hearing shall be commenced within thirty (30) Days after the selection of the third arbitrator. The parties and the arbitrators shall proceed diligently and in good faith in order that the award shall be made as promptly as possible. The decision of the arbitrators shall be binding on and non-appealable by the parties. The

arbitrators shall not have the authority to grant or award indirect, consequential, punitive or exemplary damages.

ARTICLE 19. MISCELLANEOUS

19.1 Notices. All notices and other communications required, permitted or ----- desired to be given hereunder must be in writing and sent by: (a) U.S. mail, properly addressed as shown below, and with all postage and other charges fully prepaid, (b) hand delivery, or (c) facsimile transmission. Date of service by mail and hand delivery is the date on which such notice is received by the

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addressee and by facsimile is the date sent (as evidenced by fax machine confirmation of receipt), or if such date is not on a Business Day, then on the next date which is a Business Day. Each party may change its address by notifying the other party in writing.

If to Seller by mail: Amoco Production Company
P.O. Box 3092
Houston, Texas 77253-3092
Attn: General Manager of Business Development
AEGNA Acquisitions and Divestments

If to Seller by hand delivery: Amoco Production Company
550 WestLake Park Boulevard, 4th floor
Houston, Texas 77079
Attn: General Manager of Business Development
AEGNA Acquisitions and Divestments

If to Seller by facsimile: Amoco Production Company
Number: 281-366-7544
Attn: General Manager of Business Development
AEGNA Acquisitions and Divestments

If to Buyer by mail: Gothic Energy Corporation
5727 South Lewis Avenue, Suite 700
Tulsa, OK 74105
Attn: Mr. Michael Paulk

If to Buyer by hand delivery: Gothic Energy Corporation
5727 South Lewis Avenue, Suite 700
Tulsa, OK 74105
Attn: Mr. Michael Paulk

If to Buyer by facsimile: Gothic Energy Corporation
Number: 918-749-5882
Attn: Mr. Michael Paulk

19.2 Conveyance Costs. Buyer shall be solely responsible for filing and

recording documents related to the transfer of the Properties from Seller to Buyer and for all costs and fees associated therewith, including, without limitation, filing the assignment of the Properties with appropriate federal, state, local and tribal authorities as required by applicable Law. As soon as practicable after recording or filing, Buyer shall furnish Seller with all recording data and evidence of all required filings.

19.3 Brokers' Fees. Buyer has not retained any brokers, agents or finders

and none are affiliated with Buyer or authorized to act on behalf of Buyer in this matter. Buyer agrees to release, protect, indemnify, defend and hold Seller Group harmless from and against any and all Claims with respect to

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any commissions, finders' fees or other remuneration due to any such broker, agent or finder claiming by, through or under Buyer. Seller has not retained any brokers, agents or finders (except Morgan Stanley) and none are affiliated with Seller or authorized to act on behalf of Seller in this matter. Seller agrees to release, protect, indemnify, defend and hold Buyer Group harmless from and against any and all Claims with respect to any commissions, finders' fees or other remuneration due to any such broker, agent or finder (including without limitation Morgan Stanley) claiming by, through or under Seller.

19.4 Records. Within sixty (60) Days after termination of the Transition

Agreement (except as provided below), Seller shall furnish to Buyer all Records which are maintained by Seller; provided however, Seller shall be entitled to retain at Seller's sole expense: (a) copies of any or all such Records, (b) copies (or if reasonably required by Seller, originals) of any Records required in connection with litigation or other proceedings pending or threatened against Seller and associated with the Properties, (c) originals of any Records required in connection with title or environmental due diligence, (d) originals of any Records required in connection with the Final Accounting Settlement, (e) originals of any Records required in connection with any transition activities, and/or (f) originals of any Records associated with any retained properties or interests. Any and all original Records retained by Seller shall be furnished to Buyer within thirty (30) Days after Seller's reasonable need for said Records ceases. Buyer agrees to maintain the Records received from Seller in accordance herewith for a period of seven (7) years after the Closing and shall afford Seller full access to the Records as reasonably requested by Seller. If Buyer desires to destroy the Records, or any portion thereof, it shall notify Seller prior to such destruction, and provide Seller the opportunity to take possession of the same.

19.5 Further Assurances. From and after Closing, at the request of Seller

but without further consideration, Buyer will execute and deliver or use reasonable efforts to cause to be executed and delivered such other instruments of conveyance and take such other actions as Seller reasonably may request to more effectively put Seller in possession of any property which was not intended by the parties or should not have been conveyed by Buyer (including without limitation, reassignment from Buyer to Seller of any Properties which were conveyed in violation of a valid preferential right to purchase or consent to assignment). From and after Closing, at the request of Buyer but without further consideration, Seller shall execute and deliver or use reasonable efforts to cause to be executed and delivered such other instruments of conveyance and take such other actions as Buyer reasonably may request to more effectively put Buyer in possession of the Properties. If any of the Properties are incorrectly described, the description shall be corrected upon proof of the proper description. From and after Closing, Buyer and Seller shall each execute, acknowledge and deliver to the other such further instruments and take such further action as may be reasonably requested in order to more effectively assure to the other the full beneficial use and enjoyment of the Properties and

otherwise to accomplish the purposes of the transaction contemplated by this Agreement.

19.6 Survival of Representations and Warranties. The representations and

warranties contained in Article 10 of this Agreement shall terminate one (1) year after Closing. All other representations, warranties, indemnities, covenants and agreements contained in this Agreement shall survive the Closing indefinitely. The parties have made no representations or warranties, except those expressly set forth in this Agreement.

19.7 Amendments and Severability. No amendments or other changes to this

Agreement shall be effective or binding on either of the parties unless the same shall be in writing and signed by both Seller and Buyer. The invalidity of any one or more provisions of this Agreement shall not affect the validity of this Agreement as a whole, and in case of any such invalidity, this Agreement shall be construed as if the invalid provision had not been included herein.

19.8 Successors and Assigns. This Agreement shall not be assigned, either

in whole or in part, without the express written consent of the non-assigning party. The terms, covenants and conditions contained in this Agreement shall be binding upon and shall inure to the benefit of Seller and Buyer and their respective successors and assigns, and such terms, covenants and conditions shall be covenants running with the land and with each subsequent transfer or assignment of the Properties.

19.9 Headings. The titles and headings set forth in this Agreement have

been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

19.10 Governing Law. This Agreement (including administration of the

binding arbitration provision set forth in Article 18.1) shall be governed by and construed under the Laws of the State of Oklahoma, excluding any choice of law rules which may direct the application of the Laws of another jurisdiction.

19.11 No Partnership Created. It is not the purpose or intention of this

Agreement to create (and it shall not be construed as creating) a joint venture, partnership or any type of association, and the parties are not authorized to act as agent or principal for each other with respect to any matter related hereto.

19.12 Public Announcements. Neither Seller nor Buyer (including any of

their Affiliates in either case) shall issue a public statement or press release with respect to the transaction contemplated herein (including the price and other terms) without the prior written consent of the other party, except as required by Law or listing agreement with a national security exchange and then only after prior consultation with the other party.

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19.13 No Third Party Beneficiaries. Nothing contained in this Agreement

shall entitle anyone other than Seller or Buyer or their authorized successors and assigns to any claim, cause of action, remedy or right of any kind whatsoever.

19.14 Waiver of Consumer Rights. As partial consideration for the parties

agreeing to enter into this Agreement, the parties each can and do expressly waive the provisions of the Texas Deceptive Trade Practices Consumer Protection Act, Article 17.41 et seq., Texas Business and Commerce Code, a law that gives consumers special rights and protection, and all other consumer protection Laws of the State of Texas, or any other state, applicable to this transaction that may be waived by the parties. It is not the intent of the parties to waive and the parties shall not waive any applicable Law or provision thereof which is prohibited by Law from being waived. The parties hereto represent that they have had an adequate opportunity to review the preceding waiver provision, including the opportunity to submit the same to legal counsel for review and comment and after consultation with an attorney of their own selection voluntarily consent to this waiver, and understand the rights being waived herein.

19.15 Not to be Construed Against Drafter. The parties acknowledge that

they have had an adequate opportunity to review each and every provision

contained in this Agreement and to submit the same to legal counsel for review and comment, including without limitation the waivers and indemnities in Articles 4.3, 5.3, 8, 9, 19.3, 19.6 and 19.14. Based on said review and consultation, the parties agree with each and every term contained in this Agreement. Based on the foregoing, the parties agree that the rule of construction that a contract be construed against the drafter, if any, shall not be applied in the interpretation and construction of this Agreement.

19.16 Tax Deferred Exchange Election. Either party may elect to structure

the conveyance of the Properties as part of an exchange under Article 1031 of the Internal Revenue Code of 1986, as amended. The parties agree to execute all documents, conveyances or other instruments necessary to effectuate an Article 1031 exchange.

19.17 Conspicuousness of Provisions. The parties acknowledge that the

provisions contained in this Agreement that are set out in "bold" satisfy the requirement of the express negligence rule and any other requirement at law or in equity that provisions contained in a contract be conspicuously marked or highlighted.

19.18 Execution in Counterparts. This Agreement may be executed in

counterparts, which shall when taken together constitute one (1) valid and binding agreement.

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19.19 Entire Agreement. This Agreement and the Confidentiality Agreement

supersede all prior and contemporaneous negotiations, understandings, letters of intent and agreements (whether oral or written) between the parties relating to the Properties and constitute the entire understanding and agreement between the parties with respect to the sale and purchase of the Properties.

The parties have executed this Agreement on the day and year first set forth above.

AMOCO PRODUCTION COMPANY

By: /s/ Lon O. Buehner

Name: Lon O. Buehner

Title: Attorney-in-Fact

GOTHIC ENERGY CORPORATION

By: /s/ Michael Paulk

Name: Michael Paulk

Title: President