

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

CONTINENTAL NATURAL GAS INC

CIK: **1038183** | IRS No.: **731198957** | State of Incorpor.: **OK** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-22867** | Film No.: **97734702**
SIC: **4923** Natural gas transmissison & distribution

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

CONTINENTAL NATURAL GAS, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

OKLAHOMA	0-22867	73-1198957
(STATE OF OTHER JURISDICTION OF INCORPORATION)	(COMMISSION)	(IRS EMPLOYER FILE NUMBER)

1437 SOUTH BOULDER, SUITE 1250	TULSA,	OKLAHOMA	74119
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)			(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE	(918) 582-4700
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NOT APPLICABLE

(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT.)

ITEM 2

Acquisition Transaction. On November 24, 1997, Continental Natural Gas, Inc. (the "Registrant") entered into an Agreement and Plan of Merger (the "Agreement") with Coda Energy, Inc. to acquire all of the issued and outstanding equity interests of Taurus Energy Corp. ("Taurus"), a Texas corporation. A copy of the Agreement is filed as Exhibit 2.1 to this Form 8-K. The Registrant closed

on its Agreement with Coda on November 25, 1997. The consideration paid to Coda was the sum \$42,000,000.00 which was negotiated in an arms length transaction. There is no material relationship between Registrant (including its affiliates, officers and directors) or Coda (including its affiliates, officers and directors). The transaction was financed through an Amended and Restated Credit Agreement (the "Loan Agreement") with ING Capital Corporation as described below.

In general, Taurus' activities consist of the purchase, gathering, processing and sale of natural gas and natural gas liquids. The Registrant intends to continue such activities under the name of Continental/Taurus Energy Company L.P. ("Continental/Taurus L.P."). In connection with these activities, the assets held by Taurus consisted, generally, of two separate processing plants and related gathering systems located in North Central Texas - one system is commonly known as the Hamlin processing plant and gathering system and the other plant is commonly known as the Shackelford plant and gathering system. The Shackelford gas gathering system consists of approximately 250 miles of low pressure gathering lines and twenty-one compressor stations located in Shackelford, Callahan, Stephens, and Throckmorton Counties, Texas. The Shackelford gas processing plant is a 30 MMcf/D capacity refrigerated lean oil absorption plant located near Putnam, Texas. The Hamlin gathering system consists of approximately 500 miles of low pressure gathering lines and fourteen compressor stations in Fisher, Stonewall, Jones, Haskell, King, Mitchell, Nolan, Taylor, and Cottle Counties, Texas. The Hamlin gas processing plant is a 20 MMcf/D propane refrigeration plant (including an associated 10 MMcf/d cryogenic turbo expander system) and is located near Hamlin, Texas. Together the Shackelford and Hamlin plants are capable of extracting 290,000 gallons per day of natural gas liquids.

A majority of the natural gas processed at the Hamlin Plant and approximately 80% of the natural gas processed at the Shackelford Plant are dedicated to such plants under percentage of proceeds contracts. Under a percentage of proceeds contract, the processor (in this case, Continental/Taurus L.P.) pays each producer a percentage of the net sales price for: (i) natural gas and (ii) natural gas liquids. In turn, the processor retains a percentage of the net sales price for natural gas and natural gas liquids. From the processor's share of proceeds, it is obligated to pay its operating costs for its plants and gathering systems. Consequently, profitability of the Shackelford and Hamlin plants and gathering systems will be determined in large part by the operating efficiency which Continental/Taurus L.P. is able to achieve.

The Registrant has not previously conducted operations in the area of the Shackelford and Hamlin systems. The acquisition of Taurus is consistent with the Registrant's strategy to expand into new operating areas.

Audited financial statements for Taurus are, as yet, unavailable. The

Registrant will file an amendment to this Form 8-K to provide audited financials as required by Item 7(a) and 7(b) of Form 8-K within sixty (60) days following the date this Form 8-K is required to be filed.

Loan Transaction. In connection with closing on the Agreement, the Registrant entered into an Amended and Restated Loan Agreement with ING Capital Corp. (the "Loan Agreement"). Under the terms of the Loan Agreement, the Registrant's term loan facility was increased from forty million (\$40,000,000.00) to seventy-five million dollars (\$75,000,000.00), and the Registrant's revolving credit facility remained at twenty-five million dollars (\$25,000,000.00). In addition, the assets of Continental/Taurus L.P. were mortgaged under the Loan Agreement. A copy of the Loan Agreement is filed as Exhibit 10.1 to this Form 8-K. The Registrant closed on the Loan Agreement on November 25, 1997, and borrowed the full amount (\$75,000,000.00) of the term loan facility. Proceeds of the term loan facility were used as follows: \$42 million for purchase of Taurus; \$30.25 million to refinance the Registrant's existing term loan facility and outstanding amounts under Registrant's existing revolving credit facility; and \$2.74 million for general corporate purposes (including working capital and expenses related to the Loan Agreement).

Interest rates under both the revolving facility and term facility are variable, at the Registrant's election, at (i) up to 3/4 of a percent (depending on the Registrant's financial performance) above the greater of (x) the arithmetic average of the prime rates announced by Chase Manhattan Bank, City Bank, N.A. and Morgan Guaranty Trust Company of New York or (y) the federal funds rate as published by the Federal Reserve Bank of New York plus 1/2%; or (ii) 1.375% to 2.5%, depending upon the Registrant's financial performance above the London Interbank Offered Rate (LIBOR). Principal repayments under the term facility will begin on March 31, 1998. Maturity of the term loan facility was extended from July 31, 2001 to December 31, 2002.

ITEM 5 OTHER EVENTS.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Registrant is hereby filing cautionary statements identifying important factors that could cause the Registrant's actual results to differ materially from those projected in forward looking statements of the Registrant made by, or on behalf of, the Registrant.

ITEM 7(a) AUDITED FINANCIAL STATEMENTS

The required financial statements will be filed pursuant to an amendment to this Form 8-K within sixty (60) days following the date that this Form 8-K was required to be filed.

ITEM 7(b) PRO FORMA FINANCIAL STATEMENTS

The required financial statements will be filed pursuant to an amendment to this Form 8-K within sixty (60) days following the date that this Form 8-K was required to be filed.

ITEM 7(c) EXHIBITS FILED

<TABLE>

<CAPTION>

<S> <C>

Exhibit Number -----	Description -----
Exhibit 2.1	Agreement and Plan of Merger dated November 24, 1997.
Exhibit 10.1	Amended and Restated Loan Agreement dated November 25, 1997.
Exhibit 99.1	Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act.

</TABLE>

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 hereto duly authorized.

CONTINENTAL NATURAL GAS, INC.

Dated: December 9, 1997

By /s/ GARRY D. SMITH

Garry D. Smith, Vice President - Controller

EXHIBIT INDEX

<TABLE>
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<S>

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "AGREEMENT") is dated as of November 24, 1997, and is entered into by and among Coda Energy, Inc., a Delaware corporation ("CODA"), Taurus Holdings Corp., a Delaware corporation ("HOLDINGS"), Continental Natural Gas, Inc., an Oklahoma corporation ("CNG"), Continental/Taurus Holdings Company, L.L.C., an Oklahoma limited liability company ("ACQUISITION 'A'"), Continental/Taurus Acquisition Corp., a Delaware corporation ("ACQUISITION 'B'"), and Continental Holdings Company, an Oklahoma corporation ("CHC").

R E C I T A L S

WHEREAS, Coda is the owner of Holdings, and Holdings and Coda are the owners of Taurus Energy Corp., a Texas corporation ("TAURUS CORP."); and

WHEREAS, CHC and Acquisition "B" desire to purchase, and Coda and Holdings desire to sell, Taurus Corp.; and

WHEREAS, Coda and Holdings are the owners of Continental/Taurus Energy Company, L.P., a Delaware limited partnership ("TAURUS L.P."), with Coda being designated the general partner thereof and holding a 1% equity interest therein and Holdings owning a 99% equity interest as sole limited partner; and

WHEREAS, prior to the transaction contemplated by this Agreement, Coda and Holdings shall cause Taurus Corp. to merge into Taurus L.P. (unless otherwise stated herein "TAURUS" shall mean Taurus Corp. prior to its merger into Taurus L.P. and Taurus L.P. after said merger); and

WHEREAS, CNG is the owner of Acquisition "A" and Acquisition "A" is the owner of Acquisition "B"; and

WHEREAS, the parties intend that Holdings shall merge with and into Acquisition "B" and CHC shall acquire Coda's general partner interest in Taurus L.P.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Coda, Holdings, CNG, CHC, Acquisition "A" and Acquisition "B" hereby agree as follows:

A G R E E M E N T

1. MERGER OF TAURUS AND ACQUISITION

1.01 The Merger. (a) Upon the terms and subject to the satisfaction or, if permissible, waiver of the conditions of this Agreement, at the Effective Time (as defined below), Holdings shall merge (the "MERGER") with and into Acquisition "B" in accordance with the applicable provisions of the Delaware General Corporation Law, as amended (the "DGCL"), and the separate existence of Holdings shall thereupon cease, and Acquisition "B", which shall be and which is hereinafter sometimes referred to as the "SURVIVING CORPORATION," shall continue its corporate existence under the laws of the State of Delaware. From and after the Effective Time, the Surviving Corporation shall possess all of the rights, privileges, powers and franchises of a public as well as of a private nature, and be subject to all the restrictions, disabilities and duties of each of the constituent entities, all as set forth in Section 259 of the DGCL.

2

(b) In connection with the Merger, CHC shall acquire the general partnership interest in Taurus L.P. held by Coda and shall assume all liabilities, duties and rights of a general partner therein.

1.02 Effective Time. On the date of the closing of the Merger referred to in Section 1.07 hereof, a certificate of merger (the "CERTIFICATE OF MERGER") in such form as required by, and executed in accordance with, the relevant provisions of the DGCL shall be filed with the Secretary of State of Delaware. The Merger shall become effective at the time (the "EFFECTIVE TIME") of such filing or at such later time as the parties hereto shall have provided in such certificate.

1.03 Certificate of Incorporation and Bylaws of the Surviving Corporation. The Certificate of Incorporation and Bylaws of Acquisition "B," each as in effect immediately prior to the Effective Time, shall be the Certificate of Incorporation and Bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by law.

1.04 Directors and Officers. The persons set forth on Schedule 1.04 shall be the directors and officers of the Surviving Corporation, each of such directors and officers to hold office, subject to the applicable provisions of the Bylaws of the Surviving Corporation, until their successors are duly elected and qualified, or their earlier death, resignation or removal.

1.05 Conversion of Holdings Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof, the common stock, par value \$.01 per share (the "HOLDINGS SHARES"), of Holdings outstanding immediately prior to the Effective Time shall be canceled and extinguished and be converted into the right to receive cash in the amount of \$41,580,000 cash (the "HOLDINGS CONSIDERATION").

1.06 Payment for Partnership Interest. At the Closing, Coda shall convey and assign its partnership interest in Taurus L.P. to CHC for \$420,000 cash (the "GP CONSIDERATION").

The GP Consideration and the Holdings Consideration shall be collectively referred to herein as the "MERGER CONSIDERATION."

1.07 Closing. A closing of the transactions contemplated by this Agreement (the "CLOSING") shall take place at 10:00 a.m., Central Time, in the offices of Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202, on November 25, 1997 (the "CLOSING DATE").

1.08 Closing Obligations. At the Closing:

(a) Coda shall deliver or cause to be delivered to CNG (i) resignations of each of the officers and directors of Holdings, (ii) a certificate evidencing the Holdings Shares, (iii) an assignment of Coda's partnership interest in Taurus L.P., and (iv) all other certificates, documents or materials required pursuant to the terms of this Agreement.

(b) CNG shall deliver or cause to be delivered to Coda (i) the Merger Consideration by wire transfer to an account designated by Coda, (ii) an assumption agreement of CHC assuming all of Coda's duties, obligations and liabilities as general partner of Taurus L.P., and (iii) all other certificates, documents or materials required pursuant to the terms of this Agreement.

2

3

2. REPRESENTATIONS AND WARRANTIES OF CODA

2.01 Coda hereby represents and warrants to CNG and Acquisition "A" as of the date hereof as follows:

(a) Organization and Good Standing. Coda is a duly incorporated, validly existing corporation in good standing under the laws of the State of Delaware and have all requisite corporate power and authority to own, lease or operate all properties and assets now owned, leased or operated by it and to carry on its respective business as it is now being conducted. Coda has not received any notice of proceedings and there are no threatened proceedings relating to the revocation or modification of any such power or authority.

(b) Authority Relative to this Agreement. Coda and Holdings have the requisite corporate power and authority to execute and deliver this Agreement and all other agreements, instruments, documents and certificates executed and delivered (or to be executed and delivered) by it or on its behalf at or before Closing pursuant to this Agreement and to consummate and perform the transactions contemplated hereby. The execution and delivery of this Agreement by Coda and Holdings and the consummation by Coda and Holdings of the

transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of Coda and Holdings and no other corporate proceedings on the part of Coda and Holdings are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Coda and Holdings and constitutes the legal, valid and binding obligation of Coda and Holdings enforceable against Coda and Holdings in accordance with its terms.

(c) Ownership. At the Closing Date, Coda is the sole general partner of Taurus L.P. and has good and marketable title to such partnership interest and the absolute right to sell, transfer, assign and deliver its partnership interest to CHC in accordance with the terms hereof, free and clear of all liens, pledges, encumbrances and/or adverse claims of any kind. Coda is the sole stockholder (record and beneficial) of Holdings and has good and marketable title to the Holdings Shares and the absolute right to exchange the Holdings Shares held by Coda for the GP Consideration in accordance with the terms hereof, free and clear of all liens, pledges, encumbrances and/or adverse claims of any kind. Holdings is the sole limited partner of Taurus L.P. and has good and marketable title to such partnership interest and the absolute right to exchange the partnership interest for the Holdings Consideration. Each of the partnership interests described are herein referred to collectively as the "PARTNERSHIP INTERESTS".

(d) Organization and Good Standing of Taurus and Holdings. Taurus Corp. is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Texas and has all requisite power and authority to own, lease, or operate all properties and assets now owned, leased or operated by it and to carry on its business as it is now being conducted. Taurus Corp. currently does business only in the State of Texas. Taurus Corp. has not received any notice of proceedings and there are no threatened proceedings relating to the revocation or modification of any such power or authority. Holdings is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority (i) to own, lease or operate all properties and assets then owned, leased or operated by it and (ii) to consummate the transactions contemplated by this Agreement. Holdings has not received any notice of proceedings and there are no threatened proceedings relating to the modification of any such power or authority. Taurus L.P. is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite partnership power and lawful authority (i) to own, lease or operate all properties and assets owned, leased or operated by it and (ii) to consummate the transactions contemplated by this Agreement. Taurus L.P. has conducted business solely within the State of Texas. Taurus L.P. has not received any notice of proceedings and there is no threatened proceedings relating to the modification of any such power or authority.

(e) Capitalization of Taurus and Holdings.

(i) The total authorized capital stock of Taurus Corp. consists of 1,000 shares of common stock, par value \$1.00 per share (the "TAURUS SHARES"). All of the Taurus Shares are outstanding, are held of record and beneficially owned by Coda and have been duly authorized and validly issued and are fully paid and non-assessable, and no person has any preemptive or preferential rights in respect thereof. Taurus holds no treasury stock. The Partnership Interests constitute all of the issued and outstanding equity interests in Taurus L.P. and are fully paid and non-assessable, and no person has any preemptive or preferential rights in respect thereof.

(ii) Taurus Corp. does not have authorized, outstanding or reserved for issuance any securities convertible into or exchangeable or exercisable for any shares of its capital stock, nor are there any outstanding, reserved or authorized subscriptions, options, warrants, calls, rights, commitments, conversion or exchange rights, redemption or repurchase rights or any other agreements, understandings, or arrangements of any character (other than those contemplated by this Agreement) obligating Taurus to issue or acquire, redeem or repurchase any shares of its capital stock or any other securities convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for, any shares of its capital stock, nor are there any agreements or understandings with respect to the voting of its capital stock.

(iii) The total authorized capital stock of Holdings consists of 1,000 shares of common stock, par value \$0.01 per share (the "HOLDINGS SHARES"). All of the Holdings Shares are outstanding, are held of record and beneficially owned by Coda and have been duly authorized and validly issued and are fully paid and non-assessable, and no person has any preemptive or preferential rights in respect thereof. Holdings holds no treasury stock. Holdings does not have any outstanding, reserved or authorized subscriptions, options, warrants, calls, rights, commitments, conversion or exchange rights, redemption or repurchase rights or any other agreements of any character relating to its capital stock (except as contemplated by this Agreement). There are no buy-sell or cross-purchase agreements, options or rights of refusal or purchase agreements of any kind relating to the Holdings Shares (other than as contemplated by this Agreement).

(iv) Neither Coda nor Taurus is a party to or bound by any oral or written agreement, contract, arrangement or understanding (A) to issue or transfer any shares of Holdings capital stock or the Partnership Interests, other than in connection with the consummation

of the transactions contemplated by this Agreement, (B) giving any person or entity any interest in, or any right to share, participate in, or receive any portion of the revenues, income or profits of Taurus or Holdings or (C) obligating Taurus or Holdings to distribute any portion of any of its revenues, income or profit.

(v) None of the Taurus Shares, the Holdings Shares or the Partnership Interests has been issued in violation of federal or state securities laws.

(f) Equity Interests.

(i) Immediately after Closing, Acquisition "B" shall own Holdings' partnership interest in Taurus free and clear of all liens, mortgages, pledges, encumbrances, charges, agreements, preferential rights of purchase, claims, restrictions and defects of title (other than those created by CNG, Acquisition "A," CHC or Acquisition "B"), and there shall be no outstanding options, warrants or rights to purchase any equity interest of Taurus L.P. (other than those created by CNG, CHC, Acquisition "A" or Acquisition "B"). Immediately after Closing, CHC shall own Coda's partnership interest in Taurus free and clear of all liens, mortgages, pledges, encumbrances, charges, agreements, preferential rights

4

5

of purchase, claims, restrictions and defects of title (other than those created by CNG, CHC or Acquisition "A"). Neither Coda, Acquisition "A," Acquisition "B" nor Holdings has or will have any obligation to issue or transfer any interest in Taurus L.P. (other than those created by CNG, CHC, Acquisition "A" or Acquisition "B" and other than as contemplated by this Agreement).

(ii) Coda does not have any obligation to issue or transfer any shares of Holdings' capital stock (other than those contemplated by this Agreement).

(iii) Taurus does not own any subsidiaries.

(iv) The sole asset of Holdings is its 99% limited partner's interest in Taurus, L.P. Holdings has no other assets and Holdings has no liabilities whatsoever.

(g) No Conflict; Governmental Notices and Consents. For purposes of this Agreement, the term "MATERIAL ADVERSE EFFECT" means any change, effect or matter that is or is reasonably likely to be materially adverse to the

indicated person's business, operations, properties (including intangible properties), condition (financial or otherwise), assets or liabilities (including contingent liabilities), taken as a whole. "LOSS" shall mean the amount that would be required to be contributed to the affected person at the Closing Date so that the affected person would be in the same economic position as it would have been if such adverse change, effect or matter had not occurred and would not occur.

(i) Except as disclosed in Schedule 2.01(g)(i) or elsewhere in this Agreement and except for the transactions contemplated by this Agreement, the execution and delivery of this Agreement by Coda does not, and the consummation of the transactions contemplated hereunder by Coda, Holdings and Taurus and compliance by Coda, Holdings and Taurus with the provisions hereof shall not, (A) conflict with or violate the respective charter, Bylaws, or resolutions of the Board of Directors or stockholders, each as amended, of Coda, Holdings or Taurus, (B) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to Coda, Holdings or Taurus or by which any of them or Taurus' properties, the Taurus Shares, the Holdings Shares or the Partnership Interests are bound or specifically affected, (C) give any governmental authority the right to revoke, withdraw, suspend, cancel, terminate or modify any Permit (defined below), or (D) conflict with, require any consent, waiver, approval, notice, authorization or action under, violate or result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, accelerate or permit the acceleration under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the properties or assets of Taurus, the Taurus Shares, the Holdings Shares or the Partnership Interests pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, deed, assignment, conveyance, license, permit, franchise or other instrument or obligation to which Taurus is bound or a party, or to which any of the assets of Taurus, the Taurus Shares, the Holdings Shares or the Partnership Interests is bound or specifically affected, except for, in the case of clauses (B), (C) and (D), any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have a Material Adverse Effect.

(ii) Except as set forth herein and except for the pre-merger notification and clearance required under the HSR Act (as defined herein), the execution and delivery of this Agreement by Coda does not, and the performance of this Agreement by Coda shall not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, domestic or foreign.

6

(h) Financial Statements. True and correct copies of the unaudited balance sheets of Taurus as of December 31, 1995 and 1996 (the "TAURUS BALANCE SHEETS") and the unaudited statements of operations, cash flows and stockholder's equity for the years ended December 31, 1995 and 1996 (the Taurus Balance Sheets and such other statements being referred to herein as the "TAURUS FINANCIAL STATEMENTS"), have been delivered to CNG. True and correct copies of the unaudited balance sheet of Taurus as of September 30, 1997 (the "TAURUS INTERIM BALANCE SHEET") and the unaudited statements of operations, cash flows and stockholder's equity for the nine months ended September 30, 1997, have been delivered to CNG prior to the date hereof (the Taurus Interim Balance Sheet and such other statements being referred to herein as the "TAURUS INTERIM FINANCIAL STATEMENTS"). The Taurus Financial Statements and the Taurus Interim Financial Statements (collectively, the "FINANCIAL STATEMENTS") were prepared in accordance with the books and records of Taurus and are complete and correct in all material respects and present fairly, in all material respects, the financial position, results of operations, changes in stockholder's equity and cash flows of Taurus as of the dates and for the periods indicated, in each case in conformity with Generally Accepted Accounting Principles ("GAAP") applied on a basis consistent with preceding years and throughout the periods involved, except as otherwise disclosed in such Financial Statements.

(i) Basic Documents. For purposes of this Agreement, the term "TAURUS PROPERTIES" shall mean all gas processing or liquids extraction plants and facilities, gas gathering systems, pipelines, and associated equipment, materials, and other real and personal property relating or pertaining thereto owned or leased (or purported to be owned or leased) by Taurus, and all related real property interests, facilities and production therefrom and all other assets currently owned or leased by Taurus in connection with the operation of its business (excluding the Excluded Taurus Assets (as defined herein) and including the Additional Taurus Assets (as defined herein), when acquired); "TAURUS BASIC DOCUMENTS" shall mean all contracts, agreements, leases, deeds, assignments, conveyances, transfers and other documents or instruments under and by virtue of which Taurus owns, operates, and/or acquired (or claims to own, operate or have acquired) the Taurus Properties or which relate to the Taurus Properties, and all contractually binding arrangements to which the Taurus Properties may be subject and which shall be binding on Taurus after the Closing, including the documents set forth on Schedule 2.01(i). Set forth on Schedule 2.01(i) is a list of all gas purchase agreements, gas sales agreements, gas processing agreements, gas transportation agreements, natural gas liquids sales agreements and equipment operating leases currently in effect to which Taurus is a party. (i) All Taurus Basic Documents are in full force and effect and are the valid and legally binding obligations of the parties thereof and are enforceable in accordance with their respective terms, except where a failure of any of the above, singly or in the aggregate, would not have a Material Adverse Effect; (ii) Taurus is not in breach or default with respect to any of its obligations pursuant to any such Taurus Basic Document or any

laws, rules or regulations incorporated therein or governing same, except where such breach or default would not have a Material Adverse Effect; (iii) all payments due under the Taurus Basic Documents have been made by Taurus, except where a failure to make any such payment, singly or in the aggregate, would not have a Material Adverse Effect; (iv) there has not occurred any event, fact or circumstance which would constitute a breach or default on the part of Taurus or, on the part of any other party thereto, of its obligations under any Taurus Basic Document, except where such breach or default, singly or in the aggregate, would not have a Material Adverse Effect; and (v) neither Taurus nor any other party to any Taurus Basic Document has given or threatened to give notice of any legal action to terminate, cancel, rescind or procure a judicial reformation of any Taurus Basic Document or any provision thereof, except where the effect of such termination, cancellation, rescission or procurement, singly or in the aggregate, would not have a Material Adverse Effect.

(j) Books and Records. The books of account, minute books, stock record books and other records of Taurus have been maintained in accordance with applicable legal and accounting requirements and good business practices, reflect only valid, bona fide transactions, and are complete and correct in all material respects,

6

7

and accurately reflect in all material respects the basis for the financial condition and results of operations of Taurus as set forth in the Financial Statements (excluding the treatment of administrative services fees charged by Coda and the related tax effect thereof). Taurus has heretofore delivered or made available to CNG true and correct copies of the Articles of Incorporation and Bylaws (each as amended), minute book and stock records of Taurus. Prior to Closing, Coda shall make available to CNG true and correct copies of the formation and governing instruments of Taurus L.P. and Holdings.

(k) Tax Matters. Except as disclosed in Schedule 2.01(k), all United States federal, state and local tax and other returns and reports that were required to be filed for all taxes (including employment and withholding taxes), levies, premium taxes and assessments, fees, license and registration fees or charges of any nature whatsoever (hereinafter collectively, "TAXES") owed by Taurus have been accurately prepared and duly and timely filed (and through the Closing Date shall be timely filed) and reflect or shall reflect the liability of Taurus for Taxes in all material respects, and all Taxes of Taurus shown thereby to be payable have been paid or shall be paid when due. No waivers of statutes of limitations are in effect with respect to any United States federal income, employment or excise taxes, or state income or franchise taxes, for Taurus. Except as disclosed in Schedule 2.01 (k), Taurus is not delinquent in the payment of any tax, assessment or governmental charge, there is no tax deficiency asserted against Taurus, and there is no unpaid

assessment, deficiency or delinquency in the payment of any Taxes, or any proposal for additional Taxes or any violation of any federal, state, local or foreign tax law that could be asserted by any taxing authority. There are no tax liens upon any material properties or assets of Taurus or any of the Taurus Shares. No Internal Revenue Service, state or local audit, investigation or proceeding regarding Taurus is pending or, to the knowledge of Coda, threatened. All monies required to be withheld by Taurus from employees or collected from customers for income taxes, social security and employment insurance taxes and sales, excise, severance and use taxes, and the portion of any such taxes to be paid by Taurus to governmental agencies or set aside in accounts for such purpose have been approved, reserved against and are entered upon the books of Taurus and reflected on the Financial Statements. Taurus has not filed a consent under Section 341(f) of the Internal Revenue Code of 1986, as amended (the "CODE"), concerning collapsible corporations. Taurus has not made any material payments, is not obligated to make any material payments, and is not a party to any agreement that under any circumstances could obligate it to make any material payments that would not be deductible under Code Section 280G. Taurus has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). Taurus is not a party to any tax allocation or sharing agreement except for its obligations to Coda under Coda's consolidated federal income tax return and except as otherwise contemplated by this Agreement. Taurus (i) has not been a member of an affiliated group filing a consolidated federal income tax return (other than a group the common parent of which was Coda) and (ii) has no liability for the taxes of any person under Treas. Reg. 1.1502-6 (or any similar provision, state or foreign law), as a transferee or successor, by contract, or otherwise.

(1) Absence of Changes. Since September 30, 1997, the business of Taurus has been operated in the ordinary course, and except as disclosed in Schedule 2.01(1) or as contemplated by this Agreement, there has not been since September 30, 1997:

(i) any adverse change in the condition (financial or other), operations, assets, liabilities or business of Taurus, except changes arising in the ordinary course of business;

(ii) any material damage, destruction or loss (whether or not covered by insurance) affecting the Taurus Properties or the business prospects of Taurus;

(iii) any change in the financial or tax accounting methods, principles, procedures, or practices (including but not limited to depreciation, amortization or inventory valuation policies or rates)

followed by Taurus;

(iv) any settlement, release or forgiveness of any material claim or litigation or waiver of any material right by Taurus other than in the ordinary course of business;

(v) any declaration, setting aside, or payment of, any dividend or other distribution on or in respect of shares of the capital stock of Taurus or any direct or indirect redemption, retirement, purchase or other acquisition of any such shares or any amendment of any term of any outstanding equity security;

(vi) any sale, lease, assignment, license, transfer, distribution, abandonment or other disposition of any interest in any material asset of Taurus, or any agreement or proposal with respect thereto except for those in the ordinary course of business;

(vii) the incurrence or discharge by Taurus of any material indebtedness, obligation, or liability other than those arising in the ordinary course of business (whether direct or indirect, and including without limitation indebtedness for borrowed money, absolute and contingent lease obligations, purchases on a credit or installment basis, assumptions, guaranties and endorsements) or any material amendment of any term of any such outstanding indebtedness;

(viii) any capital expenditures (other than capital expenditures set forth on Schedule 2.01(1)) made by Taurus, or any agreement or commitment by Taurus to make capital expenditures for additions to property, plant or equipment, except for expenditures, agreements and commitments not exceeding \$50,000 in the aggregate;

(ix) any increase in the amount of fees, salaries, bonuses or other compensation paid, payable or to become payable by Taurus to any of its officers, directors, employees or agents, or any agreement with respect thereto;

(x) the commencement of providing, or any increase in, any benefits by Taurus under any compensation, bonus, insurance, retirement or other employee benefit plan;

(xi) the occurrence of any transaction or event in which Taurus entered into, modified, renewed, extended, or terminated any material agreement to which it is a party other than (A) as expressly permitted by this Agreement or (B) in the ordinary course of business;

(xii) the occurrence of any transaction or event in which Taurus proposed, entered into or adopted any new benefit plan for its employees;

(xiii) any employment, compensation, consulting or

collective bargaining agreements entered into by Taurus with any person or group;

(xiv) any lien, security interest, or other encumbrance or claim created on or arising with respect to any material property or assets of Taurus;

(xv) any failure of Taurus to pay or discharge any current, material liability within ninety (90) days after it became due and payable;

8

9

(xvi) the occurrence of any transaction or event in which any material rights or claims of Taurus were forgiven, compromised, canceled, released, waived, or permitted to lapse;

(xvii) the occurrence of any event in which the book value of any material amount of the assets of Taurus has been written up, written down, or written off;

(xviii) acceleration, termination, material modification to, or cancellation of any material agreement, contract, lease or license to which Taurus is a party or by which it is bound, other than in accordance with its terms or in the ordinary course of business;

(xix) any mortgage, pledge, lien, encumbrance, charge or other security interest, other than (i) mechanics, materialmans and similar liens, (ii) liens for taxes not yet due and payable, (iii) purchase money liens and liens securing rental payments under capital lease arrangements and (iv) other liens arising in the ordinary course of business and not incurred in connection with the borrowing of money upon any of its assets, tangible or intangible;

(xx) any material capital investment in, or any material loan to, any other person by Taurus outside the ordinary course of business;

(xxi) creation, incurrence, assumption or guaranty by Taurus of more than \$25,000 in aggregate indebtedness for capitalized lease obligations except for intercompany borrowings from Coda incurred in the ordinary course of business;

(xxii) any change made or authorized in the Articles of Incorporation or Bylaws of Taurus;

(xxiii) issuance, sale or other disposition of any of Taurus' capital stock or grant of any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of Taurus' capital stock;

(xxiv) any loan by Taurus to, or any other transaction by Taurus with, any of its directors, officers and employees outside the ordinary course of business;

(xxv) to the knowledge of Coda, any material decline in the stockholder's equity shown on the Taurus Interim Balance Sheet, determined using the same accounting principles applied in the preparation of the Taurus Interim Balance Sheet;

(xxvi) any other action taken by Taurus which has had or reasonably could be expected to have a Material Adverse Effect and that was not (A) in the ordinary course of business, (B) in accordance with past practices consistently applied or (C) expressly permitted by this Agreement.

(m) Governmental Permits. (i) Taurus has all governmental bonds, licenses, permits, approvals, authorizations, exemptions, registrations, variances, franchises, privileges, immunities, grants, ordinances, classifications and certificates (hereinafter collectively, "PERMITS") necessary to conduct its operations in a lawful manner and in the manner that it is currently conducted, other than any failure which would not have a Material Adverse Effect, (ii) all such Permits are valid, in full force and effect and enforceable by Taurus, and there does not exist under any of them any default or violation, or event which, with notice or lapse of time or both, would constitute any default or violation, other than any such default or event which would not have any Material Adverse Effect, (iii) none of the rights of Taurus under any Permits shall be impaired by the consummation of

the transactions contemplated by this Agreement, and all of the rights of Taurus thereunder shall be enforceable by Taurus after the Closing Date without the consent or agreement of any party, and (iv) Taurus has not received any written notice that any of such Permits have been or are threatened to be, and to the knowledge of Coda such Permits have not been threatened to be, revoked, canceled, suspended or modified.

(n) Employee Benefits.

(i) Except as disclosed in Schedule 2.01(n), Taurus does not maintain or sponsor, nor is it required to make contributions to

nor does it otherwise have any liability with respect to, any pension, profit sharing, thrift, or other retirement plan, employee stock ownership plan, deferred compensation, stock purchase, performance share, bonus or other incentive or compensation plan, severance plan, health or group insurance plan, welfare plan, or other similar arrangement or plan (each a "PLAN" and collectively, the "PLANS"), whether or not such plan is intended to be qualified under the Code, including, without limitation, any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which Plan covers any employee or former employee of Taurus or any other person who performs services to, in the name of or on behalf of Taurus or its business.

(ii) Each Plan has been administered in compliance with all federal and state laws and in accordance with the terms of such Plan, other than violations which would not reasonably be expected to have a Material Adverse Effect. The consummation of the transactions contemplated by this Agreement shall not result in an increase in the amount of compensation or benefits or accelerate the vesting or timing of payment of any benefits or compensation payable by Taurus in respect of any employee.

(o) Employment Agreements and Labor Relations.

(i) Taurus has no employment, consulting or collective bargaining agreements and has no obligations, contingent or otherwise, under any employment or consulting agreement, or collective bargaining agreement or other contract with a labor union or employee group.

(ii) There exists (A) no charges of discrimination or lawsuits involving alleged violations of any fair employment law, wage payment law or occupational safety and health law, and (B) no pending or, to the knowledge of Coda, threatened litigation arising out of employment relationships or practices by any applicant, employee or former employee of Taurus or any representative of any such person or persons.

(iii) Coda, for the account of and solely with respect to Taurus, complies in all material respects with all applicable laws, rules and regulations relating to the employment of labor, including without limitation those relating to wages, hours, concerted activity, non-discrimination and the payment and withholding of taxes, and Taurus has no accrued liability for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing.

(iv) No unfair labor practice complaint against Taurus is pending or, to the knowledge of Coda, threatened before the National Labor Relations Board or any other court, tribunal or agency. No collective bargaining agreement is currently being negotiated by Taurus, and Taurus has not experienced any material labor difficulty.

(v) To the knowledge of Coda, (A) no employee of Taurus

is in violation of any term of any employment contract, or any other contract or agreement or any other common law obligation to a former

10

11

employer relating to the right of any such employee to be employed by Taurus; and, (B) the employment of Taurus' employees does not subject Taurus to liability in connection with such covenants or agreements.

(p) Litigation. There is (i) no suit, proceeding, action or claim pending or, to the knowledge of Coda, threatened, (ii) no investigation or inquiry by any administrative agency or governmental body pending or, to the knowledge of Coda, threatened, and (iii) no legal, administrative or arbitration proceeding pending or, to the knowledge of Coda, threatened, to which Taurus is or might become a party or which relates to or affects the business or assets of Taurus or the Taurus Shares and, to the knowledge of Coda, there exists no reasonable basis or grounds for any such suit, action, claim, investigation, inquiry or proceeding. There is no outstanding order, writ, injunction or decree of any court, administrative agency, governmental body or arbitration tribunal against or affecting the capital stock, assets or business of Taurus that could have a Material Adverse Effect.

(q) Environmental Matters. Except as disclosed in Schedule 2.01(q), to the knowledge of Coda (i) Taurus (A) is not in violation of and has complied with Environmental Laws (as defined herein) in all respects, other than where any such violation or failure of compliance would not have a Material Adverse Effect, (B) has obtained and been in substantial compliance with all of the terms and conditions of all material Permits, which are required under Environmental Laws, other than where any failure to do so would not have a Material Adverse Effect, and (C) has complied in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables which are contained in the Environmental Laws, other than where any failure to do so would not have a Material Adverse Effect; (ii) Taurus has no material liability, and Taurus has not handled or disposed of any substance, arranged for the disposal of any substance, or owned or operated any property or facility in any manner that could give rise to any material liability, for damage to any site, location, or body of water, or for any reason under any Environmental Law; (iii) there are no underground storage tanks (as defined under Environmental Laws) located under any Taurus Site (as defined below); and (iv) there are no obligations, undertakings or liabilities of third parties arising out of or relating to Environmental Laws which Taurus has agreed to assume or retain, by contract or otherwise. Taurus has not been named as a potentially responsible party under, and no facility or property owned, leased or operated by Taurus (each, a "TAURUS SITE") has been nominated or identified as a facility which is subject to an existing or potential claim under, the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), or comparable Environmental Laws, and none of the Taurus Sites is subject to a lien arising under any Environmental Laws. Except as disclosed in Schedule 2.01(q), neither Coda nor Taurus has received any notices of any violation of, noncompliance with, or remedial obligation under, Environmental Laws, relating to the ownership, use, maintenance, operation of, or conduct of business related to, any Taurus Site or assets of Taurus, nor are there any writs, injunctions, decrees, orders or judgments outstanding, or lawsuits, claims, proceedings or investigations pending or, to the knowledge of Coda, threatened, relating to the ownership, use, maintenance, operation of, or conduct of business related to, any Taurus Site or assets of Taurus. For purposes of this Agreement, "ENVIRONMENTAL LAWS" means any applicable federal, state, or local laws, rules or regulations, common law or strict liability provisions, and any judicial or administrative interpretations thereof, including any judicial or administrative orders or judgments, relating to health, safety, industrial hygiene, pollution or environmental matters in effect as of the execution date of this Agreement.

(r) Undisclosed Liabilities. To the knowledge of Coda, Taurus does not have any material debts, guarantees, liabilities or obligations, whether accrued, absolute, contingent or otherwise, whether due or to become due, (i) that, as of the date of the Financial Statements, were not accrued or reserved against in the Financial Statements or disclosed in the notes thereto; (ii) that were incurred after the date of the latest Financial Statements other than in the ordinary course of business; or (iii) that singly or in the aggregate have or can reasonably be expected to have a Material Adverse Effect.

11

12

(s) Title. Taurus has good and defensible title to or a valid leasehold interest in all personal property and real property interests, excluding rights of way and easements, comprising any material portion of the Taurus Properties. Except as disclosed on Schedule 2.01(s), all such personal property and real property interests, including rights of way and easements, are free and clear of all material mortgages, liens, pledges, security interests and encumbrances, except as set forth in the Financial Statements. Such title is not subject to being reduced by virtue of any reversionary or back-in interests. To the knowledge of Coda, (i) Taurus' easements and rights-of-way (the "RIGHTS OF WAY") constitute all of the rights of way and easements necessary for the operation of Taurus' business consistent with past practices; (ii) each of the Rights of Way material to the operation of Taurus' business was duly and validly granted or otherwise created by the grantor thereof, is a valid and binding easement, and is in full force and effect in accordance with its terms; (iii) the Rights of Way material to the operation of Taurus' business include all of the rights necessary for the use, operation and maintenance of Taurus' business in accordance with past practices; and, (iv)

there is no default by Taurus under, nor has any event occurred which with notice or the passage of time would constitute a default under, any Rights of Way material to the operation of Taurus' business.

(t) Plants, Facilities and Equipment. All gas processing plants, gas gathering systems and other material improvements, fixtures and equipment owned in whole or part by Taurus that are necessary to conduct normal operations have been maintained in a condition adequate to conduct normal operations and in a manner consistent with past practices.

(u) Compliance with Laws. Except with respect to Environmental Laws (which are addressed solely in Section 2.01(q)), Taurus is not in violation of, nor are any of its assets subject to any claim or liability, pending or, to the knowledge of Coda, threatened criminal or civil, arising out of any violation of, any national, state, local or other law, ordinance, regulation, writ, injunction, order or decree, restrictive covenant, deed, leases or restrictions relating to the Taurus Properties or the operations or conduct of Taurus' business, except where any such violation, singly or in the aggregate, would not have a Material Adverse Effect. To the knowledge of Coda, no event has occurred that has resulted or would reasonably be expected to result in a claim by, or which may entitle any officer, director, employee or agent of Taurus to indemnification under the provisions of the Articles of Incorporation or Bylaws (each as amended) of Taurus, any agreement of or with Taurus, or applicable Texas law.

(v) Powers of Attorney. Taurus does not have any powers of attorney, whether tax or otherwise, or similar authorizations outstanding, other than those associated with any registration statement filed with the Securities and Exchange Commission.

(w) Eminent Domain. Except as disclosed in Schedule 2.01(w), there are no pending or, to the knowledge of Coda, threatened proceedings before any governmental authority to take all or any part of the assets of Taurus (whether leased or owned) by condemnation or right of eminent domain.

(x) Absence of Certain Business Practices. To the knowledge of Coda, none of Taurus or any officer or director of Taurus, nor any employee, agent or representative of Taurus has made, directly or indirectly, with respect to the business of Taurus, any illegal political contributions from Taurus corporate funds, payments from Taurus corporate funds not recorded on the books and records of Taurus, payments from Taurus corporate funds that were falsely recorded on the books and records of Taurus, payments from Taurus corporate funds to governmental officials in their individual capacities for the purpose of affecting their action or the action of the government they represent to obtain favorable treatment in securing business or licenses or to obtain special concessions or illegal payments from corporate funds to obtain or retain business.

(y) Brokers. No person or entity is entitled to any brokerage, finder's fee or other fee or commission payable by Taurus or Coda in connection with the transactions contemplated by this Agreement for which CNG, CHC, Acquisition "A," Acquisition "B," Holdings or Taurus could be or could become liable or obligated to pay.

(z) Bank Debt. There is no outstanding indebtedness of Taurus to banks or other financial institutions, at the date of this Agreement.

(aa) Accounts Receivable. Schedule 2.01(aa) contains a complete and accurate list of all receivables as of the date of the Taurus Interim Balance Sheet, which list sets forth the aging of such receivables. Except as disclosed in Schedule 2.01(aa), the trade accounts and other receivables of Taurus which are classified as current assets on the Financial Statements are bona fide receivables, were acquired in the ordinary course of business, and are stated in accordance with GAAP (applied on a consistent basis in accordance with past practices). There is no contest, claim, or right of set-off, other than returns in the ordinary course of business, under any contract with any obligor of any receivable.

(bb) No Default. Taurus is not in default under and no condition exists that with notice or lapse of time or both would constitute a default under (i) its organizational documents, (ii) (except for the Taurus Basic Documents which are addressed solely in Section 2.01(i)) any mortgage, loan, agreement, contract, arrangement, lease, lease purchase, indenture or other evidences of indebtedness for borrowed money or other instrument to which Taurus is now a party or by which Taurus or any of the assets of Taurus is bound, or (iii) any judgment, order, writ, injunction, or decree, of any court, arbitrator, agency, official, authority, or other governmental body, except where such default or condition, singly or in the aggregate, would not have a Material Adverse Effect.

(cc) Filings. Taurus has filed all reports required to be filed by it with any regulatory authority to which it must report, except where such failure, singly or in the aggregate, would not have a Material Adverse Effect, and such filed reports have been true and correct in all material respects and been completed in each case in accordance with applicable regulations and requirements. None of the information supplied by Taurus for inclusion, or actually included in any documents previously filed with any federal or state regulatory authority, was, at the respective times those documents were filed with such regulatory authority, knowingly false or misleading with respect to any material fact or knowingly omitted to state any material fact necessary in order to make the statements therein not misleading.

(dd) Intellectual Property Rights. Taurus owns no patents, copyrights, trademarks, service marks or trade names, nor has it made any applications therefor or registrations thereof. To the knowledge of Coda, (A)

Taurus has not interfered with, infringed upon, or misappropriated or otherwise come into conflict with any intellectual property rights of any other person; and, (B) Taurus is not a party to, either as licensor or licensee, and is not bound by or subject to, any license agreement for any patent, process, trademark, service mark, trade name, copyright, trade secret, know how, invention or devices, excluding any software licensing agreements.

(ee) Full Disclosure. No statement contained in this Agreement or in any Schedule hereto contains or shall contain any untrue statement of a material fact or omits or shall omit to state any material fact necessary, in the light of the circumstances under which was made, in order to make the statements herein or therein not misleading.

(ff) Insurance Policies. Schedule 2.01(ff) contains a list of insurance policies covering Taurus or its employees currently in effect. Taurus is not in material default with respect to any insurance policy maintained by Taurus (including without limitation, insurance providing benefits for employees), has not failed to give any notice or present any claim under any such insurance policy in due and timely fashion and has not waived or

released any rights thereunder. Taurus has not received notice from any insurance carrier of the intention of such carrier to discontinue any insurance coverage afforded to Taurus.

3. REPRESENTATIONS AND WARRANTIES OF CNG, ACQUISITION "A" AND ACQUISITION "B"

3.01 CNG, Acquisition "A" and Acquisition "B" hereby represent and warrant to Coda as follows:

(a) Organization and Good Standing of CNG, Acquisition "A," CHC and Acquisition "B". CNG and CHC are duly incorporated, validly existing corporations in good standing under the laws of the State of Oklahoma and have all requisite power and lawful authority to own, lease or operate all properties and assets now owned, leased or operated by them and to carry on their businesses as they are now being conducted. CNG and CHC have not received any notice of proceedings and there are no threatened proceedings relating to the revocation or modification of any such power or authority. Acquisition "A" is a duly formed, validly existing limited liability company in good standing under the laws of the State of Oklahoma and has all requisite power and lawful authority to own, lease or operate all properties and assets now owned, leased or operated by it and to carry on its business as it is now being conducted. Acquisition "A" has not received any notice of proceedings and there are no threatened proceedings relating to the revocation or

modification of any such power or authority. Acquisition "B" is a duly incorporated, validly existing corporation in good standing under the laws of the State of Delaware and has all requisite power and lawful authority to own, lease or operate all properties and assets owned, leased or operated by it and to carry on its business. Acquisition "B" has not received any notice of proceedings and there are no threatened proceedings relating to the revocation or modification of any such power or authority.

(b) Authority Relative to this Agreement. CNG, CHC, Acquisition "A" and Acquisition "B" each have the requisite power and authority to execute and deliver this Agreement and all other agreements, instruments, documents and certificates executed and delivered (or to be executed and delivered) by them or on their behalf at or before Closing pursuant to this Agreement and to consummate and perform the transactions contemplated hereby. The execution and delivery of this Agreement by CNG, CHC and Acquisition "A" and the consummation by CNG, CHC, Acquisition "A" and Acquisition "B" of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of CNG, CHC, Acquisition "A" and Acquisition "B" and no other proceedings on the part of CNG, CHC, Acquisition "A" and Acquisition "B" are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by CNG, CHC and Acquisition "A" and constitutes the legal, valid and binding obligation of CNG and Acquisition "A" enforceable against CNG, CHC and Acquisition "A" in accordance with its terms.

(c) No Conflict; Governmental Notices and Consents.

(i) The execution and delivery of this Agreement by CNG, CHC and Acquisition "A" does not and the consummation of the transactions contemplated hereunder by CNG, CHC, Acquisition "A" and Acquisition "B" and compliance by CNG, CHC, Acquisition "A" and Acquisition "B" with the provisions hereof shall not, (A) conflict with or violate the organizational or governance instruments of CNG, CHC, Acquisition "A" and Acquisition "B", or (B) conflict with or violate any law, rule, regulation, order, judgment or decree applicable to CNG, CHC, Acquisition "A" and Acquisition "B" or by which CNG, CHC, Acquisition "A" and Acquisition "B" is bound or affected.

(ii) The execution and delivery of this Agreement by CNG, CHC and Acquisition "A" and the performance of this Agreement by CNG, CHC, Acquisition "A" and Acquisition "B" shall not require any consent, approval, authorization or permit of, or filing with or notification to, any

governmental or regulatory authority, domestic or foreign, other than the pre-merger notification and clearance under the HSR Act.

(d) Brokers. CNG, CHC, Acquisition "A" and Acquisition "B" have no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Coda, Holdings or Taurus could be or become liable or obligated in any way.

(e) Investment Purposes. Acquisition "B" is acquiring the Holdings Shares for its own account for investment purposes and not with a view to or in connection with any resale, transfer or distribution thereof. CHC is acquiring the Taurus L.P. general partnership interest for its own account for investment purposes and not with a view to or in connection with any resale, transfer or distribution thereof. Neither CNG, CHC, Acquisition "A" or Acquisition "B" has or will have entered into any contract, undertaking, agreement or arrangement providing for the resale, transfer or distribution of the Partnership Interests or the Holdings Shares, nor have CNG, CHC, Acquisition "A" or Acquisition "B" made any proposal to or had any discussions with any person or entity with a view to entering into any such contract, undertaking, agreement or arrangement.

4. CONDUCT OF BUSINESS PRIOR TO CLOSING

4.01 Conduct of Business by Taurus Prior to Closing. Coda covenants and agrees that, except as set forth in Schedule 4.01 or as otherwise described in or contemplated by this Agreement, after the date of this Agreement and prior to the Closing Date, unless CNG shall otherwise agree in writing, Coda shall cause Taurus to conduct its business only in, and Coda shall cause Taurus not to take any action except in, the ordinary course of business; Coda shall cause Taurus to use its reasonable efforts to preserve substantially intact the business organization and properties of Taurus, and to preserve the present relationships of Taurus with producers, suppliers and other persons with which Taurus has significant business relations; and, by way of amplification of the foregoing and not limitation, except as set forth in Schedule 4.01 or as contemplated by this Agreement, Coda shall cause Taurus not to directly or indirectly do, or propose to do, any of the following without the prior written consent of CNG (which consent shall not be unreasonably withheld):

(a) amend or otherwise change its existing Articles of Incorporation or Bylaws, each as amended;

(b) issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, lease, pledge, disposition or encumbrance of, (A) any shares of capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock, or any other ownership interest, of Taurus or (B) any assets of Taurus (except for sales or leases of assets in the ordinary course of Taurus' business as currently conducted and except for assets to be conveyed or assigned pursuant to Section 5.05);

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock, except for assets to be conveyed or assigned pursuant to Section 5.05;

(d) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock;

(e) (i) acquire (by merger, consolidation, or acquisition of stock or assets) any corporation, partnership or other business organization or division thereof; (ii) incur any indebtedness for borrowed money, except through intercompany transactions made in the ordinary course of business, or issue any debt securities or assume, guarantee or endorse or otherwise as an accommodation become responsible for, the obligations of any other person, or make any loans or advances, other than in the ordinary course of business; (iii) enter into any

15

16

contract or agreement other than in the ordinary course of business; (iv) authorize capital expenditures which in the aggregate exceed \$50,000 for any one project; or (v) enter into or amend any contract, agreement, commitment or arrangement with respect to any of the matters set forth in this subsection, other than in the ordinary course of business;

(f) increase the compensation payable or to become payable to Taurus' officers or employees, or grant any severance or termination pay or stock options to, or enter into any employment or severance agreement with, any director, officer or other employee of Taurus, or establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any current or former directors, officers or employees;

(g) take any action other than in the ordinary course of business and in a manner consistent with past practice (none of which actions shall be unreasonable or unusual) with respect to accounting policies or procedures (including, without limitation, procedures with respect to the payment of accounts payable and collection of accounts receivable);

(h) make any tax election inconsistent with prior practices or settle or compromise any material federal, state, or local income tax liability;

(i) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than to Coda in the ordinary course of business consistent with past practice, or the payment, discharge or satisfaction in the ordinary course of business of liabilities (i) reflected or reserved against in the financial statements of Taurus or (ii) incurred in the ordinary course of business; or

(j) fail to pay its payables promptly as they become due or to make timely payment of any Taxes due, except where the same is contested in good faith.

5. ADDITIONAL AGREEMENTS

5.01 Access to Information; Confidentiality. Coda shall, and shall cause Taurus to, allow CNG and its representatives to conduct such due diligence review, inspection, testing and investigation of Taurus and the Additional Taurus Assets as CNG or its representatives deem necessary or advisable and permit and cause Taurus to permit CNG and its representatives on prior notice and during normal business hours to have full access to all books, data and records of Taurus, including but not limited to financial, tax, accounting, personnel, land, contracts, litigation and claims, insurance, environmental, and corporate, and furnish all such information as CNG or its representatives may reasonably request; provided, however, that such due diligence review, inspection, testing and investigation shall have been completed on or before November 24, 1997. CNG and its representatives shall have the right to make copies of any such books, data, records and other information but shall maintain the confidentiality of any of the same it obtains in accordance with that certain Confidentiality Agreement between the parties dated as of September 25, 1997 (the "CONFIDENTIALITY AGREEMENT"). Coda shall cause Taurus to permit CNG's representatives to consult with Taurus' officers, employees and agents, to inspect, test and inventory all of Taurus' assets, and to otherwise permit CNG to investigate Taurus (and the Additional Taurus Assets) and its business for all purposes of this Agreement.

5.02 Notification of Certain Matters. Coda shall give prompt written notice to CNG, and CNG shall give prompt written notice to Coda, prior to Closing, of (i) the occurrence or non-occurrence prior to Closing of any event, the occurrence or non-occurrence of which would, with or without notice or lapse of time or both, be likely to cause any representation or warranty contained in this Agreement to be materially untrue or inaccurate, and (ii) any failure of Coda or CNG, as the case may be, to materially comply with or satisfy any covenant,

condition or agreement to be complied with or satisfied by it hereunder. Coda shall give prompt written notice to CNG, and CNG shall give prompt written notice to Coda, of any notice or other communication from any third party (including any governmental agency) alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement. After the date of this Agreement and up to Closing, promptly after any party hereto becomes aware of any event which changes in any material respect any representation or warranty made by such party in this Agreement or any statement made in any schedule hereto or in any supplemental schedule, such party shall deliver to the other parties a supplement to the appropriate schedule (or, if no appropriate schedule exists, a new schedule).

5.03 Further Action; Further Assurances. Upon the terms and subject to the conditions hereof, Coda and CNG shall each use all reasonable efforts to take, or cause to be taken, all appropriate action, and to do or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including, without limitation, effecting the merger of Taurus Corp. into Taurus L.P. and using all reasonable efforts to obtain any licenses, permits, consents, approvals, authorizations, qualifications and orders of governmental authorities and third parties as may be necessary for the consummation of the transactions contemplated by this Agreement and to fulfill the conditions to the transactions contemplated by this Agreement. After the Closing Date, Coda and CNG shall each, from time to time and upon request, take or cause to be taken such further action as the requesting party may reasonably request for the purpose of giving effect to or in order to carry out the transactions contemplated by this Agreement.

5.04 Public Announcements. Coda and CNG shall consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law in the opinion of counsel or by any listing or similar agreement with a securities exchange or quotation system. Any press release or other public statement shall be mutually agreed upon by CNG and Coda in advance of its release.

5.05 Transfers of Certain Assets.

(a) Prior to the Closing Date, (i) Taurus shall convey to Coda or Coda's nominee those assets described on Schedule 5.05(a)(i) (collectively, the "EXCLUDED TAURUS ASSETS"), which assets include, without limitation, all assets relating to the Taurus Electra Plant and associated gathering facilities and that certain promissory note, dated June 15, 1997, in the original principal amount of \$175,000 made by Electron 4/NW, Inc. payable to Taurus; and (ii) Coda shall convey to Taurus all of Coda's right, title and interest in and to those assets described on Schedule 5.05(a)(ii), being an approximately twelve (12) mile natural gas gathering line located in Cottle and Foard Counties, Texas and associated equipment and materials (the "ADDITIONAL TAURUS ASSETS"). Transfer of the Additional Taurus Assets shall be on terms which are mutually acceptable

to Coda and CNG.

(b) Upon transfer of the Excluded Taurus Assets to Coda or Coda's nominee, all liabilities (whether arising before or after the date of transfer) associated with the Excluded Taurus Assets shall be assumed by Coda.

(c) The net book value of the assets transferred pursuant to Section 5.05(a)(i) and (a)(ii), adjusted for depreciation and capital expenditures to the effective date of transfer, shall be applied to reduce and increase, respectively, the outstanding balance of the long term debt due Coda from Taurus (the "INTERCOMPANY PAYABLE"). Immediately prior to Closing, Coda shall make a contribution to the equity of Taurus in an amount equal to the outstanding balance of the Intercompany Payable.

(d) Notwithstanding anything to the contrary contained in this Agreement, the representations and warranties set forth in Section 2.01 and the provisions of Section 4.01 shall have no application to and shall not

otherwise cover or relate in any way to the Excluded Taurus Assets and shall apply to the Additional Taurus Assets for the period of time owned by Coda.

5.06 Accounting Services. At the request of CNG, through January 31, 1998, Coda shall continue to perform, for Taurus' account, all gas accounting services necessary or required by Taurus in connection with its operations in the ordinary course of business, and CNG shall be responsible for providing all data to Coda necessary or required in connection with the performance of such services; provided that, Coda shall have no liability to CNG, Taurus or any other party resulting from or arising out of the performance or nonperformance of such services, except that Coda shall be liable to CNG or Taurus resulting from or arising out of Coda's gross negligence or willful misconduct. As compensation for such services, CNG shall pay or cause to be paid to Coda a fee of \$40,000, paid contemporaneously with the payment of the Working Capital (as defined herein) adjustment described in Section 5.09(b).

5.07 Files. Subject to fulfillment of any obligations arising under Section 5.06, on or within a period of thirty (30) days after the Closing Date, Coda shall transfer or cause to be transferred to CNG any files, books, records or other documents relating to Taurus' business which are possessed by Coda and not already in the possession of CNG. Coda may make and retain copies of any of such files, books, records and documents, and CNG shall maintain or cause to be maintained the originals or photocopies thereof within its possession and control for a period of six years after Closing. Coda and Joint Energy Development Investments Limited Partnership, a Delaware limited partnership ("JEDI"), shall be afforded reasonable access by CNG to such files,

books, records or other documents of Taurus.

5.08 Cooperation in Post-Closing Matters. Coda and CNG shall each cooperate with the other in connection with the defense by either of any suit, action, claim or proceeding, or in connection with any audit or request for information by any taxing authority, arising out of the conduct of Taurus' business prior to or after the Closing. Such cooperation shall include, at the expense of the requesting party, supplying such factual and technical information as one party shall possess and another party may reasonably require in connection with any such defense, audit or request for information or to respond to discovery proceedings in any such suit, action, claim or proceeding, and providing access to books and records as the requesting party may reasonably require. No party, however, shall be required to so cooperate if such cooperation would prejudice the rights of the party called upon to provide the information. Reimbursement of expenses hereunder shall be limited to reasonable and necessary out-of-pocket charges and expenses, including wages and salaries. Without limitation of the foregoing, each party shall give the other party all reasonable cooperation to conduct an audit of Taurus for the purpose of preparing financial statements required in connection with any filing made by such party with the Securities and Exchange Commission, annual reports to shareholders or similar reports which require audited financial statements.

5.09 Post Closing Adjustment.

(a) Development Capital Expenditures. For purposes of this Agreement, the term "DEVELOPMENT CAPITAL EXPENDITURE" shall mean any capital expenditure for gas processing plant and gathering system expansions, extensions, enlargements, improvements or construction, including but not limited to expenditures associated with the connection of additional supplies of natural gas to any gathering system, but excluding expenditures associated with maintenance, replacement or repair and related expenditures. Notwithstanding anything to the contrary contained in this Agreement, CNG and Acquisition "A" shall be jointly and severally liable to Coda and shall reimburse Coda for all Development Capital Expenditures actually paid by or for the account of Taurus after June 30, 1997 and prior to November 30, 1997, excluding therefrom any Development Capital Expenditures (i) in excess of the amount stated in Section 4.01(e)(iv) that are not expressly consented to by CNG, which consent shall not be unreasonably withheld, and (ii) associated with the Excluded Taurus

Assets (the total sum of such Development Capital Expenditures to be reimbursed to Coda is hereinafter referred to as the "REIMBURSED CAPITAL EXPENDITURES"). As soon as practicable after the Closing Date, Coda shall prepare and submit to

CNG a statement describing and calculating the Reimbursed Capital Expenditures. The Reimbursed Capital Expenditures shall be reimbursed to Coda in immediately available funds simultaneously with the payment due on the Working Capital adjustment described in Section 5.09(b) below.

(b) Working Capital Adjustment. For purposes of this Agreement, "CLOSING WORKING CAPITAL" means the Working Capital of Taurus as of November 30, 1997; "WORKING CAPITAL" means (i) current assets, determined on a basis consistent with the Taurus Interim Financial Statements and in accordance with GAAP, minus (ii) current liabilities, determined on a basis consistent with the Taurus Interim Financial Statements and in accordance with GAAP (excluding all Development Capital Expenditures, other than Development Capital Expenditures associated with the Excluded Taurus Assets). As soon as practicable, but in no event not later than January 29, 1998, CNG shall cause to be prepared a calculation of the Closing Working Capital and deliver such calculation to Coda for review. Coda shall notify CNG within ten (10) business days of receipt thereof whether it agrees with such calculation and, if not, shall specify in reasonable detail the points of disagreement. If any such disagreement cannot be resolved within ten (10) business days thereafter, Coda and CNG shall mutually agree upon a reputable firm of independent public accountants which has not performed any services since January 1, 1997 for Coda, Taurus, or CNG or its affiliates to resolve all points of disagreement with respect to the Closing Working Capital. The fees of such third party accounting firm shall be borne one-half by Coda and one-half by CNG, and all determinations made by such firm shall be final, conclusive, and binding with respect to the calculation of the Closing Working Capital. If the Closing Working Capital position is less than zero, the amount by which it is less shall be paid promptly by Coda to CNG in immediately available funds; if such Closing Working Capital position is greater than zero, the amount by which it is greater shall be paid promptly by CNG to Coda in immediately available funds.

5.10 Schedules. Disclosure of any fact or item in this Agreement or in any schedule hereto referenced to a particular section or paragraph in this Agreement (i) shall, should the existence of the fact or item or its contents be relevant to any other section or paragraph herein, be deemed to be disclosed with respect to all such other sections or paragraphs of this Agreement, whether or not an explicit cross-reference appears; and, (ii) shall not be deemed an admission, representation or warranty as to the materiality of such fact or item.

5.11 Tax Matters. Coda will be responsible for any payment of, or receive any benefit from, federal income taxes resulting from Taurus' operations prior to Closing. Coda will be responsible for the payment of Texas franchise taxes owed by Taurus or Coda with respect to Taurus' normal business operations prior to Closing. CNG shall be responsible for the payment of Texas franchise taxes, if any, owed by Holdings. CNG shall be responsible for any Texas franchise taxes which are imposed on Taurus solely as a result of the transactions contemplated by this Agreement or operations of Taurus subsequent to Closing. Coda shall be responsible for any tax imposed under any other state (excluding Texas franchise tax) and federal laws to which Coda, Taurus and/or Holdings are subject as a result of any "gain" realized (or deemed to be

realized under the Code and corresponding provisions of state law as if Coda had sold the Taurus Shares to Acquisition "B" in a stock sale subject to a Section 338(h)(10) election under the Code). CNG shall be responsible for any additional federal or state income, franchise, sales, excise or similar taxes which Coda, Taurus or Holdings are required to pay in excess of the amounts contemplated in the immediately preceding sentence solely as a result of the structure of this transaction. Except as contemplated in this Section 5.11, all remaining taxes shall be discharged by the party incurring such tax.

5.12 Taurus Personnel. In the event CNG notifies Coda in writing at least one business day prior to Closing that the employment of any Taurus Dallas office employee will not be continued after Closing, Coda shall

19

20

cause Taurus to notify such individual of the termination of their employment effective as of Closing. Coda shall, at its own cost and expense, pay severance benefits to eligible individuals in accordance with Exhibit 1 hereto.

5.13 Non-Competition. Coda agrees that until the second anniversary of the Closing Date, neither it nor any of its subsidiaries shall engage or agree to engage, either directly or indirectly, as a principal or for its own account or solely or jointly with others, or as stockholders owning more than ten percent (10%) in any corporation or joint stock association, in any business that gathers, transports or processes natural gas within a thirty (30) mile radius of the processing plants currently owned by Taurus (excluding the Excluded Taurus Assets and excluding any gathering, transportation or processing lines and equipment acquired in connection with any acquisition of oil or gas properties by Coda or its subsidiaries).

If any provision contained in this Section 5.13 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable law, a court of competent jurisdiction shall construe and interpret or reform this Section to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable law. Coda acknowledges that CNG would be irreparably harmed by any breach of this Section and that there would be no adequate remedy at law or in damages to

compensate CNG for any such breach. Coda agrees that CNG shall be entitled to injunctive relief requiring specific performance by Coda of this Section, and Coda consents to the entry thereof.

5.14 No Negotiation. Until Closing or such time, if any, as this Agreement is terminated pursuant to Section 8 hereof, Coda, Taurus and their respective officers, directors, employees and agents will not, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any unsolicited inquiries or proposals from any person (other than CNG) relating to any transaction involving the sale of the business or all or substantially all of the assets of Taurus or any of the capital stock of Taurus, or any merger, consolidation, business combination or similar transaction involving Taurus.

5.15 CNG and Coda to Cause Performance. CNG agrees to take all action necessary to cause CHC, Acquisition "A" and Acquisition "B" to perform all of their respective agreements, covenants and obligations under this Agreement and to consummate the transactions contemplated by this Agreement on the terms and conditions set forth in this Agreement. CNG shall be liable for any breach of any representation, warranty, covenant or agreement of CHC, Acquisition "A" and Acquisition "B" and for any breach of this covenant. Coda agrees to take all action necessary to cause Holdings to perform all of Holdings' agreements, covenants and obligations under this Agreement and to consummate the transaction contemplated by this Agreement on the terms and conditions set forth in this Agreement. Coda shall be liable for any breach of any representation, warranty, covenant and agreement of Taurus (provided that Coda shall not be liable for post-Closing covenants and agreements of Taurus) and Holdings and for any breach of this covenant.

5.16 Merger. Immediately prior to Closing Coda shall have caused Taurus Corp. to merge into and with Taurus L.P. pursuant to the terms of an Agreement of Merger reasonably acceptable to CNG. The Certificate of Limited Partnership and Agreement of Limited Partnership for Taurus L.P. shall be in form and substance reasonably acceptable to CNG.

6. CONDITIONS OF CLOSING

6.01 Conditions to Obligation of Each Party to Effect the Closing. The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

- (a) Consents Obtained. All material consents, waivers, approvals,

authorizations or orders of or from any governmental body or third party required to be obtained, and any filings required to be made by Coda or CNG for the authorization, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby shall have been obtained and made by Coda or CNG.

(b) No Injunction. No court having jurisdiction shall have issued, to the knowledge of Coda or CNG, an injunction preventing the consummation of the transactions contemplated hereby that shall not have been dissolved at the Closing Date.

(c) No Material Adverse Change. CNG shall have reasonably determined in good faith, on or before November 24, 1997, by written notice to Coda, that, had the representations and warranties of Coda in this Agreement been made without any materiality or knowledge qualifications, CNG would suffer or experience claims, losses, damages, liabilities, diminution in value of the business, assets or operations of Taurus or other adverse economic impact from one or more breaches of such representations and warranties that in the aggregate would not exceed \$300,000 if the Merger were to be consummated; provided that, in the event that Coda has provided any amendment to any Coda disclosure schedule as contemplated by Section 5.02, any such amendment or amendments to such Coda schedule shall not be considered to have amended such schedule for purposes of this subsection (c). The phrase "without regard to any materiality or knowledge qualifications" shall mean that (i) references to "material" and words of similar import shall, for purposes of this Section 6.01(c), be considered to have been deleted from the text of the representations and warranties of Coda in this Agreement, (ii) references to exclusions or other qualifications for items that would not, individually or in the aggregate, have or cause, or which could reasonably be expected to have, a Material Adverse Effect or phrases of similar import, shall, for such purposes, be considered to have been deleted from the text of the representations and warranties of Coda in this Agreement, and (iii) references to "to the knowledge of Coda" and words of similar import shall, for such purposes, be considered to have been deleted from the text of the representations and warranties of Coda in this Agreement.

(d) No Laws or Regulations Affecting. No law or legally binding regulation shall have been enacted that does or would prohibit, restrict or delay the consummation of the transactions contemplated hereby or any of the conditions to consummate the transactions contemplated hereby.

(e) Certificate of Merger. The Certificate of Merger in respect of the Merger shall have been filed with and accepted by the Secretary of State of Delaware.

6.02 Additional Conditions to Obligations of CNG, CHC, Acquisition "A" and Acquisition "B". The obligations of CNG, CHC, Acquisition "A" and Acquisition "B" to effect the transactions contemplated by this Agreement are subject to fulfillment or waiver by CNG, CHC, Acquisition "A" and Acquisition "B" of the following conditions at or prior to the Closing:

(a) Representations and Warranties. The representations and warranties of Coda contained in this Agreement shall be true and correct in all material respects on and as of November 24, 1997, except for changes contemplated by this Agreement, and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date), with the same force and effect as if

21

22

made on and as of November 24, 1997 and except for the representations and warranties contained in Sections 2.01(a) through 2.01(f) which shall be true and correct on the Closing Date.

(b) Agreements and Covenants. Coda and Holdings shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them on or prior to the Closing.

(c) No Challenge. There shall not be pending any action, proceeding or investigation before any court or administrative agency or by any government agency or any other person (i) challenging, affecting, impairing or seeking material damages in connection with the transactions contemplated by this Agreement, or (ii) seeking to restrain, prohibit or limit the exercise of full rights of ownership or operation by Taurus of all or any portion of its business or assets, in either case (i) or (ii) having a Material Adverse Effect on Taurus.

(d) Documents to be Delivered by Coda. Coda shall have delivered to CNG the following:

(i) the opinion of Coda's General Counsel, dated as of the Closing Date, addressed to CNG, in form and substance reasonably satisfactory to CNG, to the effect that:

(A) (1) Coda is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own, operate and lease its properties and to carry on its business as now being conducted, (2) Holdings is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own, operate and lease its properties and to carry on its business as now being conducted, and (3) Taurus L.P. is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware and has the partnership power and authority to own, operate

and lease its properties and to carry on its business as now being conducted;

(B) prior to the merger of Taurus Corp. with and into Taurus L.P., the authorized capital stock of Taurus consisted of 1,000 shares of common stock, par value \$1.00 per share, all of which were outstanding; the Taurus Shares were duly authorized and validly issued, fully paid and non-assessable and, to the knowledge of such counsel after due investigation, have not been issued in violation of any preemptive right of shareholders;

(C) the outstanding interests in Taurus L.P. consist solely of the Partnership Interests; the Partnership Interests were not issued in violation of any preemptive rights and there is no option, warrant, call, subscription or other agreement relating to the Partnership Interests;

(D) this Agreement has been duly authorized, executed and delivered by Coda and, subject to due execution by CNG and Acquisition "A," constitutes a legal, valid and binding agreement of Coda and is enforceable against Coda (and its successors and assigns) in accordance with its terms, subject to appropriate exceptions for bankruptcy and creditors' rights matters and equitable principles;

(E) Coda has the corporate right and authority to enter into and perform this Agreement and execute the documents to be delivered by Coda pursuant hereto;

22

23

(F) no consent or approval by the stockholders of Coda is or shall be required for the execution, delivery and performance by Coda of the Agreement or compliance with the terms thereof;

(G) the execution, delivery and performance of the Agreement by Coda and the consummation by Coda of all of the transactions contemplated thereby will not conflict with or violate any provisions of the charter or bylaws, as amended, of Coda, or any statute, rule, or regulation applicable to Coda or, to the knowledge of such counsel after due investigation, any law, rule, regulation, order, judgment or decree to which Coda or Taurus is a party or by which Coda or Taurus or the properties or assets of Taurus or the

Partnership Interests are bound;

(ii) a certificate of Coda, executed by an authorized officer of Coda, to the effect that each of the conditions specified above in Sections 6.02(a) and (b) are satisfied in all material respects;

(iii) a certificate of merger executed by Holdings in respect of the Merger;

(iv) an assignment of partnership interest evidencing the assignment of Coda's partnership interest in Taurus L.P. to CHC;

(v) such other documents as CNG may reasonably request for the purpose of evidencing the accuracy of Coda's representations and warranties, Coda's performance of or compliance with any covenant or obligation to be performed or complied with hereunder, or the satisfaction by Coda of any condition set forth herein, or to otherwise facilitate the consummation of the transactions contemplated by this Agreement.

(e) No Casualty Loss. Taurus' assets, taken as a whole, shall not have been damaged, lost or destroyed (whether or not any such damage, loss or destruction is covered by an applicable policy of insurance) after the execution and delivery of this Agreement and prior to November 24, 1997 where the cost to repair or replace such assets exceeds \$250,000.

6.03 Additional Conditions to Obligations of Coda and Holdings. The obligation of Coda and Holdings to effect the transactions contemplated by this Agreement is subject to fulfillment or waiver by Coda and Holdings of the following conditions at or prior to the Closing:

(a) Representations and Warranties. The representations and warranties of CNG, CHC, Acquisition "A" and Acquisition "B" contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, except for changes contemplated by this Agreement and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date) with the same force and effect as if made on and as of the Closing Date.

(b) Agreements and Covenants. CNG shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing.

(c) No Challenge. There shall not be pending any action, proceeding or investigation before any court or administrative agency or by any government agency or any other person challenging, affecting, impairing or seeking material damages in connection with the transactions contemplated by this Agreement.

(d) Delivery of Purchase Consideration. CNG shall have delivered

24

(e) Documents to be Delivered by CNG. CNG shall have delivered to Coda the following:

(i) the opinion of counsel to CNG, dated as of the Closing Date, addressed to Coda, in form and substance reasonably satisfactory to Coda, to the effect that:

(A) (1) CNG is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Oklahoma and has the corporate power and authority to own, operate and lease its properties and to carry on its business as now being conducted, (2) CHC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Oklahoma and has the power and authority to own, operate and lease its properties and to carry on its business as now being conducted, (3) Acquisition "A" is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Oklahoma and has the power and authority to own, operate and lease its properties and to carry on its business as now being conducted, (4) Acquisition "B" is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the power and authority to own, operate and lease its properties and to carry on its business as now being conducted;

(B) this Agreement has been duly authorized, executed and delivered by CNG, CHC, Acquisition "A" and Acquisition "B" and subject to due execution by Coda, constitutes a valid and binding agreement of CNG, CHC, Acquisition "A" and Acquisition "B" and is enforceable against CNG, CHC, Acquisition "A" and Acquisition "B" (and their successors and assigns) in accordance with its terms, subject to appropriate exceptions for bankruptcy and creditors' rights matters and equitable principles;

(C) CNG, CHC, Acquisition "A" and Acquisition "B" have the right and authority to enter into and perform this Agreement and execute the documents to be delivered by CNG, CHC, Acquisition "A" and Acquisition "B" pursuant hereto;

(D) no consent or approval by the shareholders of

CNG, CHC, Acquisition "A" or Acquisition "B" is or shall be required for the execution, delivery and performance by CNG, CHC, Acquisition "A" and Acquisition "B" of the Agreement or compliance with the terms thereof;

(E) the execution, delivery and performance of the Agreement by CNG, CHC, Acquisition "A" and Acquisition "B" and the consummation by CNG, CHC, Acquisition "A" and Acquisition "B" of all of the transactions contemplated thereby will not conflict with or violate any provisions of the organizational or governance instruments of CNG, CHC, Acquisition "A" and Acquisition "B" or any statute, rule, or regulation applicable to CNG, CHC, Acquisition "A" and Acquisition "B" or, to the knowledge of such counsel after due investigation, any law, rule, regulation, order, judgment or decree to which CNG, CHC, Acquisition "A" and Acquisition "B" is a party or by which CNG, CHC, Acquisition "A" and Acquisition "B" is bound;

(ii) certificates of CNG, CHC, Acquisition "A" and Acquisition "B" executed by a duly authorized party, to the effect that each of the conditions specified above in Section 6.03(a) and (b) is satisfied in all material respects;

24

25

(iii) a certificate of merger executed by Acquisition "B" in respect of the Merger;

(iv) an assumption agreement evidencing the assumption by CHC of Coda's general partner duties, obligations and liabilities in respect of Taurus L.P.; and

(v) such other documents as Coda may reasonably request for the purpose of evidencing the accuracy of CNG's, CHC's, Acquisition "A"'s and Acquisition "B"'s representations and warranties, CNG's, CHC's, Acquisition "A"'s and Acquisition "B"'s performance of or compliance with any covenant or obligation to be performed or complied with hereunder, or the satisfaction by CNG, CHC, Acquisition "A" and Acquisition "B" of any condition set forth herein, or to otherwise facilitate the consummation of the transactions contemplated by this Agreement.

(f) Consents, Waivers. Coda shall have obtained any and all consents, waivers or other approvals required for the transactions contemplated by this Agreement, in form and substance satisfactory to Coda, under its (i)

March 18, 1996 Indenture, as modified or amended, covering Coda's 10 1/2% Senior Subordinated Notes due 2006 and (ii) February 14, 1996 Revolving Credit Facility, as modified or amended, with NationsBank of Texas, N.A., and other lenders.

7. INDEMNITIES

7.01 INDEMNIFICATION OF CNG, CHC, ACQUISITION "A" AND ACQUISITION "B". SUBJECT TO THE OTHER PROVISIONS OF THIS ARTICLE 7, CODA AGREES TO DEFEND, INDEMNIFY, AND HOLD CNG, CHC, ACQUISITION "A" AND ACQUISITION "B" AND THEIR SUCCESSORS AND ASSIGNS, AND THEIR OFFICERS, DIRECTORS, AFFILIATES, AGENTS AND EMPLOYEES, HARMLESS FROM AND AGAINST, AND PROMPTLY REIMBURSE THEM FOR, ANY AND ALL LOSSES, EXPENSES, DAMAGES, DEFICIENCIES, LIABILITIES, PAYMENTS, PENALTIES, LITIGATION, DEMANDS, DEFENSES, JUDGMENTS, PROCEEDINGS, COSTS, OBLIGATIONS, SETTLEMENT COSTS, AND ATTORNEYS', ACCOUNTANTS' AND OTHER PROFESSIONAL ADVISORS' FEES (INCLUDING REASONABLE COSTS OF INVESTIGATION AND PREPARATION) OF ANY KIND OR NATURE WHATSOEVER (COLLECTIVELY, "LOSS" OR "LOSSES") NET OF ANY INCOME TAX EFFECT THEREOF THEREAFTER REALIZED BY CNG, ACQUISITION "A", ACQUISITION "B" OR TAURUS WITH RESPECT TO, AND IN, THE TAX YEAR IN WHICH THE LOSS OCCURS, AND NET OF ANY RECOVERIES FROM THIRD PARTIES AS CONTEMPLATED IN SECTION 7.05 (INCLUDING RECOVERIES UNDER ANY INSURANCE POLICIES MAINTAINED BY TAURUS), DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, RELATING TO OR IN CONNECTION WITH (i) ANY BREACH OF, INACCURACY IN, OR NONPERFORMANCE OF, ANY REPRESENTATION, WARRANTY, COVENANT, OR AGREEMENT OF CODA CONTAINED IN THIS AGREEMENT, AND (ii) THE OWNERSHIP OR OPERATION OF THE EXCLUDED TAURUS ASSETS; PROVIDED, HOWEVER, THAT CNG, CHC, ACQUISITION "A," AND ACQUISITION "B" SHALL BE INDEMNIFIED FOR A BREACH OF NOT MORE THAN ONE REPRESENTATION AND WARRANTY CONTAINED IN SECTION 2.01 HEREUNDER (WITHOUT DUPLICATION) IN RESPECT OF EACH SPECIFIC LOSS WHICH IS INDEMNIFIABLE UNDER THIS SECTION 7.01. WITH RESPECT TO ANY LOSSES ARISING BY REASON OF A BREACH OF ANY OF CODA'S REPRESENTATIONS AND WARRANTIES MADE IN SECTION 2.01, ALL OF SAID REPRESENTATIONS AND WARRANTIES SHALL BE DEEMED TO HAVE BEEN MADE WITHOUT ANY MATERIALITY OR KNOWLEDGE QUALIFICATIONS. THE PHRASE "WITHOUT ANY MATERIALITY OR KNOWLEDGE QUALIFICATIONS" SHALL MEAN THAT (i) REFERENCES TO "MATERIAL" AND WORDS OF SIMILAR IMPORT SHALL, FOR PURPOSES OF THIS SECTION 7.01, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT OF THE REPRESENTATIONS AND WARRANTIES OF CODA IN

THIS AGREEMENT, (ii) REFERENCES TO EXCLUSIONS OR OTHER QUALIFICATIONS FOR ITEMS THAT WOULD NOT, INDIVIDUALLY OR IN THE AGGREGATE, OR WHICH COULD REASONABLY BE EXPECTED TO HAVE, A MATERIAL ADVERSE EFFECT, OR PHRASES OF SIMILAR IMPORT, SHALL, FOR SUCH PURPOSES, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT OF THE REPRESENTATIONS AND WARRANTIES OF CODA IN THIS AGREEMENT, AND (iii) REFERENCES TO "TO THE KNOWLEDGE OF CODA" AND WORDS OF SIMILAR IMPORT SHALL, FOR PURPOSES OF THIS SECTION 7.01, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT

7.02 INDEMNIFICATION OF CODA. SUBJECT TO THE OTHER PROVISIONS OF THIS ARTICLE 7, CNG, CHC, ACQUISITION "A" AND ACQUISITION "B", JOINTLY AND SEVERALLY, AGREE TO DEFEND, INDEMNIFY, AND HOLD CODA, ITS SUCCESSORS AND ASSIGNS, AND ITS OFFICERS, DIRECTORS, AFFILIATES, AGENTS AND EMPLOYEES, HARMLESS FROM AND AGAINST, AND PROMPTLY REIMBURSE IT FOR, ANY AND ALL LOSSES, NET OF ANY INCOME TAX EFFECT THEREOF REALIZED BY CODA WITH RESPECT TO, AND IN, THE TAX YEAR IN WHICH THE LOSS OCCURS, AND NET OF ANY RECOVERIES FROM THIRD PARTIES, DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, RELATING TO OR IN CONNECTION WITH (i) ANY BREACH OF ANY REPRESENTATION, WARRANTY, COVENANT, OR AGREEMENT OF CNG, CHC, ACQUISITION "A" OR ACQUISITION "B" CONTAINED IN THIS AGREEMENT, (ii) THE BUSINESS, OPERATIONS AND ASSETS OF TAURUS ARISING IN WHOLE OR IN PART AFTER THE CLOSING DATE, BUT EXCLUDING ANY LOSSES DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM, RELATING TO OR IN CONNECTION WITH THE OWNERSHIP OR OPERATION OF THE EXCLUDED TAURUS ASSETS AND (iii) ANY LOSSES IN RESPECT OF FEDERAL, STATE OR LOCAL TAX LIABILITIES AS SET FORTH IN SECTION 5.11; PROVIDED, HOWEVER, THAT CODA SHALL BE INDEMNIFIED FOR A BREACH OF NOT MORE THAN ONE REPRESENTATION AND WARRANTY CONTAINED IN SECTION 2.01 HEREUNDER (WITHOUT DUPLICATION) IN RESPECT OF EACH SPECIFIC LOSS WHICH IS INDEMNIFIABLE UNDER THIS SECTION 7.02. WITH RESPECT TO ANY LOSSES ARISING BY REASON OF A BREACH OF ANY REPRESENTATIONS AND WARRANTIES MADE BY CNG OR ACQUISITION "A" IN SECTION 3.01, ALL OF SAID REPRESENTATIONS AND WARRANTIES SHALL BE DEEMED TO HAVE BEEN MADE WITHOUT ANY MATERIALITY OR KNOWLEDGE QUALIFICATIONS. THE PHRASE "WITHOUT ANY MATERIALITY OR KNOWLEDGE QUALIFICATIONS" SHALL MEAN THAT (i) REFERENCES TO "MATERIAL" AND WORDS OF SIMILAR IMPORT SHALL, FOR PURPOSES OF THIS SECTION 7.01, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT OF THE REPRESENTATIONS AND WARRANTIES OF CNG, CHC, ACQUISITION "A" AND ACQUISITION "B" IN THIS AGREEMENT, (ii) REFERENCES TO EXCLUSIONS OR OTHER QUALIFICATIONS FOR ITEMS THAT WOULD NOT, INDIVIDUALLY OR IN THE AGGREGATE, OR WHICH COULD REASONABLY BE EXPECTED TO HAVE, A MATERIAL ADVERSE EFFECT, OR PHRASES OF SIMILAR IMPORT, SHALL, FOR SUCH PURPOSES, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT OF THE REPRESENTATIONS AND WARRANTIES OF CNG, CHC, ACQUISITION "A" AND ACQUISITION "B" IN THIS AGREEMENT, AND (iii) REFERENCES TO "TO THE KNOWLEDGE OF CNG" AND WORDS OF SIMILAR IMPORT SHALL, FOR PURPOSES OF THIS SECTION 7.01, BE CONSIDERED TO HAVE BEEN DELETED FROM THE TEXT OF THE REPRESENTATIONS AND WARRANTIES OF CNG, CHC, ACQUISITION "A" AND ACQUISITION "B" IN THIS AGREEMENT.

7.03 Limitation on Indemnity.

(a) Notwithstanding anything to the contrary contained in this Agreement, for purposes of the indemnity of CNG, CHC, Acquisition "A" and Acquisition "B" by Coda provided for in Section 7.01: (i) the aggregate of all

Losses as hereinabove defined (other than Losses arising from a breach of the representation in Section 2.01(q) (an "ENVIRONMENTAL LOSS")) (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) shall not exceed \$3,000,000; and (ii) the indemnity in Section 7.01 shall be subject to deductibles for certain Losses (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) as set forth below. Notwithstanding anything to the contrary contained in this Agreement, for purposes of the indemnity of CNG, CHC, Acquisition "A" and Acquisition "B" by Coda provided for in Section 7.01 with respect to any Environmental Loss: (x) the aggregate of all Environmental Losses (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) shall not exceed \$5,000,000; (y) the indemnity in Section 7.01 shall be subject to deductibles for Environmental Losses arising from a breach of the representation in Section 2.01(q) (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) as set forth below; and (z) Environmental Losses shall not be recoverable from the breach of any other representation or warranty contained in Section 2.01. The deductibles for those Losses other than Environmental Losses (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) described in clause (ii) above shall be \$100,000, in the aggregate, for breach of each representation and warranty in Section 2.01 which are to be construed, for purposes of such deductibles, as follows: (A) Sections 2.01(g), (i), (l) and (aa) shall each be construed as a single representation and warranty, (B) Sections 2.01(h), (j) and (r) read together as if they were one representation and warranty, (C) Sections 2.01(m), (u) and (cc) read together as if they were one representation and warranty, and (D) all other subsections of Section 2.01 read together as if they were one representation and warranty. The deductible for Environmental Losses (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.05) as described in clause (y) above shall be \$50,000 in the aggregate. With respect to the deductibles set forth in the immediately preceding sentence, Coda may not assert that any single occurrence (or closely related set of occurrences) is subject to more than one deductible. Except as described on Schedule 7.03(a), Coda will not be responsible for any indemnification in respect of any claim for a breach by Coda or Holdings of any representation, warranty, covenant or agreement herein that is known to CNG, CHC, Acquisition "A" and Acquisition "B" at the date of this Agreement. The limitations on indemnity contained in clauses (i) and (ii) of this Section 7.03 shall not apply to breaches of the representation contained in Section 2.01(k) and the agreement of Coda set forth in Section 5.11 (provided, however, any breach thereof may only relate to the tax period ending on or prior to the Closing Date as set forth in Section 5.11). The indemnity provided in Section 7.01, as hereinabove limited, shall be the sole remedy of CNG, CHC, Acquisition "A" and Acquisition "B" against Coda with respect to any breach or inaccuracy of any representation or warranty of Coda contained in Section 2.01 of this Agreement.

(b) Notwithstanding anything to the contrary contained in this

Agreement, for purposes of the indemnity of Coda by CNG, CHC, Acquisition "A" and Acquisition "B" provided for in Section 7.02: (i) the aggregate of all Losses as hereinabove defined (net of income tax effects and net of any recoveries from third parties (including recoveries under insurance policies) as described in Section 7.02) shall not exceed \$3,000,000; (ii) such indemnity shall only be made once the aggregate of all Losses under Section 7.02 exceed \$300,000, (iii) the limits on indemnity contained in clauses (i) and (ii) of this Section 7.03(b) shall not apply to the indemnity contained in Section 7.02(iii) and the agreement of CNG set forth in Section 5.11; and (iv) the indemnity provided in Section 7.02, as hereinabove limited, shall be the sole remedy of Coda (or its affiliates) against CNG, CHC, Acquisition "A" and Acquisition "B" with respect to any breach or inaccuracy of any representation or warranty of CNG, CHC, Acquisition "A" and Acquisition "B" contained in Section 3.01 of this Agreement.

27

28

(c) Notwithstanding anything to the contrary contained herein, the indemnity and hold harmless obligations provided for in Sections 7.01 and 7.02 shall terminate on the second anniversary of the Closing Date; provided, however, that the obligations under Sections 7.01 and 7.02 shall not terminate with respect to any item as to which the person entitled to indemnification shall have, before the expiration of such applicable period, delivered notice pursuant to Section 7.04; and provided, further, that the indemnity for taxes due or payable shall not terminate until the expiration of the applicable statute of limitations.

7.04 Notice and Opportunity to Defend.

(a) If any of the persons entitled to indemnification hereunder (the "INDEMNITEE") receives notice of any claim or commencement of any action or proceeding (an "ASSERTED LIABILITY") with respect to which another party (the "INDEMNITOR") is or may be obligated to provide indemnification pursuant to Sections 7.01 or 7.02 hereof, the Indemnitee shall promptly notify the Indemnitor, describing the Asserted Liability in reasonable detail and indicating the amount (which may be estimated) of the loss, expense, damage, liability, or obligation that has been or may be asserted by the Indemnitee against the Indemnitor; provided, however, that the failure to give such notice shall not result in a loss of the Indemnitee's right to indemnification under this Article 7 unless and to the extent such failure materially prejudices the Indemnitor's ability to defend against the Asserted Liability.

(b) No settlement or compromise of an Asserted Liability may be made by the Indemnitee without the written consent of the Indemnitor. No settlement or compromise of an Asserted Liability may be made by Indemnitor without the written consent of Indemnitee unless such settlement includes as an

unconditional term thereof, a full release of all Indemnites by the claimant or plaintiff from all liability with respect to the Asserted Liability.

(c) If the Indemnitor so elects, the Indemnitor, at the Indemnitor's expense, shall assume the defense of the Asserted Liability and shall have the right to settle or compromise the same, except that if the Indemnitee's counsel reasonably objects to such assumption on the ground that there may be legal defenses available to the Indemnitee that are different from or in addition to those available to the Indemnitor, then the Indemnitee shall have the right to employ separate counsel approved by the Indemnitor. In order to assume such defense, the Indemnitor must notify the Indemnitee in writing of its election to do so within ten (10) business days of receipt of notice of the Asserted Liability from the Indemnitee; in the event the Indemnitor does not so notify the Indemnitee within such ten (10) business day period, the Indemnitor shall be deemed to have elected to not assume such defense.

(d) If the Indemnitor assumes the defense of the Asserted Liability, the Indemnitor shall not be liable for the fees and expenses of the Indemnitee's counsel incurred thereafter in connection with the Asserted Liability. As to those Asserted Liabilities with respect to which the Indemnitor does not elect to assume control or defense (i) the Indemnitee shall afford the Indemnitor an opportunity to participate in such defense, at the Indemnitor's own cost and expense and (ii) the Indemnitor agrees to reasonably cooperate in such defense.

(e) In no event shall the Indemnitor be liable for the fees and expenses of more than one counsel for any, some or all Indemnites in any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless in the reasonable opinion of such counsel, there is, under applicable standards of professional conduct, a conflict on any significant issue between the positions of any two Indemnites.

7.05 Insurance, Etc. Following Closing, CNG, CHC, Acquisition "A" and Acquisition "B" shall use or cause to be used commercially reasonable efforts, and shall cause Taurus to use commercially reasonable

efforts, to (i) file (or cause to be filed) claims under all insurance policies held by Taurus immediately prior to the Closing Date that may be recoverable in respect of any indemnified Losses thereunder, (ii) pursue all claims for indemnification, contribution or other recoveries (whether for breach of contract or otherwise) under agreements with third parties, and (iii) pursue all rights for contribution or other recoveries against third parties afforded under applicable law (including, but not limited to, remedies afforded under

CERCLA); provided, however, CNG, CHC, Acquisition "A" and Acquisition "B" shall not be obligated to make out-of-pocket payments on any Loss pending resolution of any claims for indemnity, contribution or other recoveries against third parties, it being agreed that Coda shall make such payment and CNG, CHC, Acquisition "A" and Acquisition "B" shall cause Taurus, Acquisition "A" or Acquisition "B" to reimburse Coda for any indemnity payment made by it that is later recovered from a third party. Coda (through counsel retained by Coda at Coda's expense) shall be afforded the opportunity to consult with such insurer(s) and any settlement with any insurer in respect of any indemnified Losses may only be made with the consent of Coda. CNG, Acquisition "A" and Acquisition "B" shall cause Taurus to maintain in full force and effect all existing policies of insurance coverages currently in effect in accordance with the custom of similarly situated companies in the same industry. In the event CNG, CHC, Acquisition "A" or Acquisition "B" determine to cancel or not renew any of such insurance policies pursuant to the foregoing sentence, CNG shall give Coda written notice the earlier of twenty (20) days prior to the effective date of such cancellation or expiration or five (5) days after receipt of a written notice of cancellation. Coda shall be afforded the opportunity to renew any such policy at its own cost. CNG, CHC, Acquisition "A" and Acquisition "B" shall cooperate, and shall cause Taurus to cooperate, with Coda in respect of the renewal or extension of such insurance or in securing a replacement policy therefor.

No right of subrogation shall accrue hereunder to any insurer or other party. There shall be no third party beneficiaries of any provision of this Section 7.06 (other than the Indemnatee under Section 7.01).

8. TERMINATION, AMENDMENT AND WAIVER

8.01 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date:

(a) By mutual written consent of Coda and CNG;

(b) By Coda or CNG, if Closing has not occurred by November 25, 1997, so long as the failure to consummate the transaction contemplated by this Agreement does not result from a breach of this Agreement by the party seeking termination of this Agreement;

(c) By Coda or CNG, if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;

(d) By CNG, if Coda breaches in any material respect any of its agreements or covenants contained herein, and such breach is not waived or cured within ten (10) days after written notice from CNG; provided that, if such agreement or covenant cannot reasonably be cured within ten (10) days after written notice, then an additional reasonable period of time shall be

permitted, not to exceed twenty (20) days, provided the breaching party is continually and diligently pursuing such cure.

(e) By Coda, if CNG, CHC, Acquisition "A" or Acquisition "B" breaches in any material respect any of its agreements or covenants contained herein, and such breach is not waived or cured within ten (10) days after written notice from Coda; provided that, if such agreement or covenant cannot reasonably be cured within ten (10) days after written notice, then an additional reasonable period of time shall be permitted, not to exceed twenty (20) days, provided the breaching party is continually and diligently pursuing such cure.

29

30

(f) By CNG, if there shall have occurred, after the execution and delivery of this Agreement and prior to November 24, 1997, a casualty loss in respect of the property, plant or equipment of Taurus in excess of \$250,000.

8.02 Effect of Termination. In the event of the termination of this Agreement pursuant to Sections 8.01, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except (i) as set forth in Sections 8.05 and 9.01 hereof, and (ii) nothing herein shall relieve any party from liability for any willful breach hereof and for any breach giving rise to a termination under Sections 8.01(d) or (e).

8.03 Amendment. This Agreement may be amended by an instrument in writing, signed by the parties hereto.

8.04 Waiver. At any time prior to Closing, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein; provided that, any such extension or waiver shall be valid and enforceable only if set forth in an instrument in writing signed by the party to be bound thereby.

8.05 Fees and Expenses. Except as otherwise expressly provided in this Agreement, each party hereto agrees to pay, without right of reimbursement from the other party, the costs incurred by it incident to the performance of its obligations hereunder, whether or not the transactions contemplated hereby shall be consummated, including, without limitation, those incident to the preparation and negotiation of this Agreement, and the fees and disbursements of counsel, accountants and consultants employed by it in connection with the transactions contemplated hereby.

9.01 Survival of Representations, Warranties, Covenants and Agreements. Following Closing, (i) except as otherwise provided in clause (ii) of this Section 9.01 all representations and warranties set forth in Articles 2 and 3 hereof shall survive until the second anniversary of the Closing Date; and (ii) the representation contained in Section 2.01(k) (but only as to liabilities for taxes accrued or due for any Taurus Corp. tax period prior to the Closing Date) and the covenants and agreements set forth in Articles 7 and 9 and Sections 5.03, 5.04, 5.05(b), 5.05(d), 5.06, 5.07, 5.08, 5.09, 5.10, 5.11, 5.12, 5.13, 5.15 and 8.05 shall continue in force and effect indefinitely, except as may be otherwise provided pursuant to the respective terms and provisions thereof. In the event of termination of this Agreement pursuant to Section 8.01, those covenants and agreements set forth in Article 9 and Sections 5.01 (with respect to the obligations contained in the Confidentiality Agreement) 5.04, 8.02 and 8.05 shall continue in force and effect indefinitely.

9.02 Knowledge. For purposes of this Agreement, the phrase "TO THE KNOWLEDGE OF" any party shall mean to the knowledge of the officers of such party; provided that, the phrase "TO THE KNOWLEDGE OF CODA" shall also include the knowledge of the officers of Taurus.

9.03 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, mailed or telecopied if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), delivered by

31

overnight courier service or sent by facsimile (with receipt mechanically or telephonically confirmed) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Coda or Holdings:

Coda Energy, Inc.
5735 Pineland Drive, Suite 300
Dallas, Texas 75231
Attention: General Counsel
Telephone: 214-692-1800
Facsimile: 214-265-4777

(b) If to CNG, CHC, Acquisition "A" or Acquisition "B":

Continental Natural Gas, Inc.
1437 S. Boulder, Suite 1250
Tulsa, Oklahoma 74119
Attention: General Counsel
Telephone: 918-582-4700
Facsimile: 918-560-4900

9.04 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural, the male gender shall include the female gender and the neuter, and vice versa.

9.05 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

9.06 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and thereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and, except as otherwise expressly provided herein, are not intended to confer upon any other person any rights or remedies hereunder. This Agreement has been executed by the respective parties hereto as of the date first written above. References in this Agreement to "THIS AGREEMENT" or words of similar import shall be deemed to include all exhibits, schedules, and certificates furnished pursuant hereto.

9.07 Assignment. This Agreement and all the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, provided that no such assignment shall release the assigning party from its obligations hereunder. Notwithstanding the second sentence of this Section 9.07, Coda may, prior to the Closing Date, and without the consent of CNG, Acquisition "A" and/or CHC (i) convey Taurus in its entirety to JEDI or its designee, (ii) assign all of their rights, duties, obligations and liabilities under this Agreement to JEDI (other than

the agreements of Coda in Sections 5.01, 5.03, 5.05, 5.06, 5.07, 5.08, 5.09 and 5.13 which shall remain obligations or rights of Coda) and (iii) the parties hereto agree to make such modifications to this Agreement as are reasonable and necessary in respect of such assignment.

9.08 Parties in Interest. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other person (other than JEDI) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.09 Choice of Forum; Consent to Service of Process. The parties hereto agree that any suit, action or proceeding arising out of or relating to this Agreement or any agreement or obligation delivered in connection with this Agreement or any judgment entered by any court in respect thereof shall be brought in the courts of the State of Texas, County of Dallas or in the United States District Court for the Northern District of Texas and each such party hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding relating to this Agreement or any related agreement or obligation.

Each party hereto hereby irrevocably waives any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any agreement or obligation delivered in connection with this Agreement, brought in the courts of the State of Texas, County of Dallas or the United States District Court for the Northern District of Texas, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

9.10 Governing Law. THIS AGREEMENT IS MADE PURSUANT TO, SHALL BE CONSTRUED UNDER, AND SHALL BE CONCLUSIVELY DEEMED FOR ALL PURPOSES TO HAVE BEEN EXECUTED AND DELIVERED UNDER, THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS. THE OBLIGATIONS AND UNDERTAKINGS OF EACH OF THE PARTIES TO THIS AGREEMENT SHALL BE PERFORMABLE IN DALLAS COUNTY, TEXAS.

9.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

9.12 Arbitration. Any and all claims, demands, causes of action, disputes, controversies and other matters in question arising out of or relating to this Agreement (except disputes arising under Section 5.09(b) which shall be resolved as set forth therein), the alleged breach thereof, or in any way relating to the subject matter of this Agreement ("CLAIMS"), even though some or all of such Claims allegedly are extracontractual in nature, whether

such Claims sound in contract, tort or otherwise, at law or in equity, under state or federal law, whether provided by statute or the common law, for damages or any other relief, shall be resolved and decided exclusively by binding arbitration pursuant to the Federal Arbitration Act in accordance with the Commercial Arbitration Rules then in effect with the American Arbitration Association. The arbitration proceeding shall be conducted in Dallas, Texas. The arbitration shall be before a panel of three arbitrators. Each party to such dispute shall select one arbitrator and the two arbitrators selected by the parties shall select the third arbitrator. The arbitrators are authorized to issue subpoenas for depositions and other discovery mechanisms, as well as trial subpoenas, in accordance with the Federal Rules of Civil Procedure. Either party may initiate a proceeding in the appropriate United States District Court to enforce this provision. This agreement to arbitrate shall be enforceable in either federal or state court. Judgment upon any award rendered in any such arbitration proceeding may be entered by any federal or state court having jurisdiction. The enforcement of this agreement to arbitrate and all procedural aspects of this agreement to arbitrate, including the construction and interpretation of this

32

33

agreement to arbitrate, the scope of the arbitrable issues, allegations of waiver, delay or defenses to arbitrability, and the rules governing the conduct of the arbitration, shall be governed by and construed pursuant to the Federal Arbitration Act. The arbitrators shall have no authority to award punitive (including, without limitation, any exemplary damages, treble damages or any other penalty or punitive type of damages), consequential, incidental or indirect damages (in tort, contract or otherwise) under any circumstances, the parties hereby waiving their right, if any, to recover such damages in connection with any Claims. The arbitrators shall be entitled to award costs of the arbitration and attorney's fees as they deem appropriate. Prior to any person instituting a Claim under this Agreement, such person shall provide to the other party hereto a written notice specifying the nature and basis of the Claim. The persons who are the subject of any Claim shall be given thirty (30) days to cure any breach before any Claim is filed. It is further agreed that prior to such Claims being submitted to the arbitrators on such Claims, the parties to the Claims shall attempt to resolve such Claims through non-binding mediation of such Claims for a period not in excess of 30 days commencing after assertion of a Claim.

* * * * *

IN WITNESS WHEREOF, Coda, Holdings, CNG, Acquisition "A," Acquisition "B" and CHC have caused this Agreement to be executed as of the date first written above.

CODA ENERGY, INC.

By:

Name: Grant W. Henderson
Title: President and CFO

TAURUS HOLDINGS CORP.

By:

Name: Grant W. Henderson
Title: President

CONTINENTAL NATURAL GAS, INC.

By:

Name:

Title:

CONTINENTAL/TAURUS HOLDINGS
COMPANY, L.L.C.

BY: CONTINENTAL HOLDINGS
COMPANY, MANAGER

By:

Name:

Title:

CONTINENTAL HOLDINGS COMPANY

By:

Name:

Title:

34

35

CONTINENTAL/TAURUS ACQUISITION
CORP.

By:

Name:

Title:

35

36

ATTACHMENT TO EXHIBIT 2.1

LIST OF OMITTED SCHEDULES

<TABLE>

<S>

<C>

Schedule 1.04	List of Officers and Directors
Schedule 2.01(g) (i)	No Conflict: Governmental Notices and Consents
Schedule 2.01(i)	Basic Documents
Schedule 2.01(k)	Tax Matters
Schedule 2.01(l)	Absence of Charges
Schedule 2.01(n)	Employee Benefit Plans
Schedule 2.01(q)	Environmental Matters
Schedule 2.01(s)	Title Matters
Schedule 2.01(w)	Eminent Domain
Schedule 2.01(aa)	Accounts Receivable
Schedule 2.01(ff)	Insurance Policies
Schedule 4.01	Conduct of Business Prior to Closing
Schedule 5.05(a) (i) and 5.05(a) (ii)	Transfer of Certain Assets
Schedule 7.03(a)	Environmental Indemnity Matters
Exhibit 1	Taurus Personnel Severance Benefits

</TABLE>

Execution Copy

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AMENDED AND RESTATED CREDIT AGREEMENT

CONTINENTAL NATURAL GAS, INC.

and

ING (U.S.) CAPITAL CORPORATION,

as Agent,

and

CERTAIN FINANCIAL INSTITUTIONS

as Revolving Credit Lenders,

and

CERTAIN FINANCIAL INSTITUTIONS

as Term Lenders,

\$100,000,000

November 25, 1997

TABLE OF CONTENTS

<TABLE>
<CAPTION>

	Page
<S>	<C>
AMENDED AND RESTATED CREDIT AGREEMENT.....	1
ARTICLE I - Definitions and References.....	2
Section 1.1. Defined Terms.....	2
Section 1.2. Exhibits and Schedules; Additional Definitions.....	17
Section 1.3. Amendment of Defined Instruments.....	17

Section 1.4.	References and Titles.....	17
Section 1.5.	Calculations and Determinations.....	17
ARTICLE II -	The Loans.....	18
Section 2.1.	Revolving Credit Loans and Term Loans.....	18
Section 2.2.	Requests for Loans.....	19
Section 2.3.	Continuations and Conversions of Existing Loans.....	21
Section 2.4.	Use of Proceeds.....	22
Section 2.5.	Fees.....	22
Section 2.6.	Optional Prepayments.....	22
Section 2.7.	Mandatory Prepayment of Revolving Credit Loans and Term Loans.....	23
Section 2.8.	Initial Borrowing Base.....	24
Section 2.9.	Subsequent Determinations of Borrowing Base.....	24
Section 2.10.	Letters of Credit.....	25
Section 2.11.	Requesting Letters of Credit.....	25
Section 2.12.	Reimbursement and Participations.....	26
Section 2.13.	Letter of Credit Fees.....	27
Section 2.14.	No Duty to Inquire.....	27
Section 2.15.	LC Collateral.....	28
Section 2.16.	Hedging Agreement Indemnity.....	30
ARTICLE III -	Payments to Lenders.....	30
Section 3.1.	General Procedures.....	30
Section 3.2.	Capital Reimbursement.....	31
Section 3.3.	Increased Cost of Eurodollar Loans or Letters of Credit.....	32
Section 3.4.	Availability.....	32
Section 3.5.	Funding Losses.....	33
Section 3.6.	Reimbursable Taxes.....	33
Section 3.7.	Change of Applicable Lending Office.....	34
Section 3.8.	Replacement of Lenders.....	35
ARTICLE IV -	Conditions Precedent to Lending.....	35
Section 4.1.	Documents to be Delivered.....	35
Section 4.2.	Closing of Acquisition; Post-Closing Merger of Taurus LP and C/T Acquisition.....	37
Section 4.3.	Additional Conditions Precedent.....	37

</TABLE>

<TABLE>		
<S>		<C>
ARTICLE V -	Representations and Warranties.....	39
Section 5.1.	No Default.....	39
Section 5.2.	Organization and Good Standing.....	39
Section 5.3.	Authorization.....	39
Section 5.4.	No Conflicts or Consents.....	39
Section 5.5.	Enforceable Obligations.....	39
Section 5.6.	Initial Financial Statements.....	40
Section 5.7.	Other Obligations and Restrictions.....	40
Section 5.8.	Full Disclosure.....	40
Section 5.9.	Litigation.....	40
Section 5.10.	Labor Disputes and Acts of God.....	41
Section 5.11.	ERISA Plans and Liabilities.....	41
Section 5.12.	Environmental and Other Laws.....	41
Section 5.13.	Names and Places of Business.....	43
Section 5.14.	Borrower's Subsidiaries.....	44
Section 5.15.	Title to Properties; Licenses.....	44
Section 5.16.	Government Regulation.....	44
ARTICLE VI -	Affirmative Covenants of Borrower.....	44
Section 6.1.	Payment and Performance.....	44
Section 6.2.	Books, Financial Statements and Reports.....	45
Section 6.3.	Other Information and Inspections.....	47
Section 6.4.	Notice of Material Events and Change of Address.....	47
Section 6.5.	Maintenance of Properties.....	48
Section 6.6.	Maintenance of Existence and Qualifications.....	48
Section 6.7.	Payment of Trade Liabilities, Taxes, etc.....	48
Section 6.8.	Insurance.....	49

Section 6.9.	Performance on Borrower's Behalf.....	49
Section 6.10.	Interest.....	49
Section 6.11.	Compliance with Agreements and Law; Required Hedges.....	49
Section 6.12.	Environmental Matters; Environmental Reviews.....	50
Section 6.13.	Evidence of Compliance.....	50
Section 6.14.	Solvency.....	50
Section 6.15.	Agreement to Deliver Security Documents.....	50
Section 6.16.	Perfection and Protection of Security Interests and Liens.....	51
Section 6.17.	Bank Accounts; Offset.....	51
Section 6.18.	Guaranties of Borrower's Subsidiaries.....	51
Section 6.19.	Assignment of Proceeds.....	52

</TABLE>

<TABLE>		
<S>		<C>
ARTICLE VII - Negative Covenants of Borrower.....		52
Section 7.1. Indebtedness.....		52
Section 7.2. Limitation on Liens.....		53
Section 7.3. Hedging Contracts.....		53
Section 7.4. Limitation on Mergers, Issuances of Securities.....		55
Section 7.5. Limitation on Sales of Property.....		55
Section 7.6. Limitation on Dividends and Redemptions.....		55
Section 7.7. Limitation on Investments and New Businesses; Limitation on Capital Expenditures.....		56
Section 7.8. Limitation on Credit Extensions.....		56
Section 7.9. Transactions with Affiliates.....		56
Section 7.10. Certain Contracts; Amendments; Multiemployer ERISA Plans.....		56
Section 7.11. Current Ratio.....		57
Section 7.12. Net Worth.....		57
Section 7.13. EBITDA.....		57
Section 7.14. Debt to Capital Ratio.....		57
ARTICLE VIII - Events of Default and Remedies.....		57
Section 8.1. Events of Default.....		57
Section 8.2. Remedies.....		60
ARTICLE IX - Agent.....		60
Section 9.1. Appointment and Authority.....		60
Section 9.2. Exculpation, Agent's Reliance, Etc.....		61
Section 9.3. Credit Decisions; Limited Scope of Agent's Duties.....		61
Section 9.4. Indemnification.....		62
Section 9.5. Rights as Lender.....		63
Section 9.6. Sharing of Set-Offs and Other Payments.....		63
Section 9.7. Investments.....		63
Section 9.8. Benefit of Article IX.....		63
Section 9.9. Resignation.....		64

</TABLE>

<TABLE>		
<S>		<C>
ARTICLE X - Miscellaneous.....		64
Section 10.1. Waivers and Amendments; Acknowledgments.....		64
Section 10.2. Survival of Agreements; Cumulative Nature.....		66
Section 10.3. Notices.....		66
Section 10.4. Payment of Expenses; Indemnity.....		67
Section 10.5. Joint and Several Liability; Parties in Interest; Assignments.....		68
Section 10.6. Confidentiality.....		70
Section 10.7. Governing Law; Submission to Process.....		70
Section 10.8. Limitation on Interest.....		72
Section 10.9. Termination; Limited Survival.....		72

Section 10.10.	Severability.....	72
Section 10.11.	Counterparts.....	72
Section 10.12.	Waiver of Jury Trial, Punitive Damages, etc.....	72
Section 10.13.	Restatement of Original Agreement.....	73

</TABLE>

Schedules and Exhibits:

Lender Schedule

- Schedule 1 - Disclosure Schedule
- Schedule 2 - Security Schedule
- Schedule 3 - Insurance Schedule

- Exhibit A - Revolving Credit Note
- Exhibit B - Term Note
- Exhibit C-1 - Borrowing Notice
- Exhibit C-2 - Request for Term Loans
- Exhibit D - Continuation/Conversion Notice
- Exhibit E - Certificate Accompanying Financial Statements
- Exhibit F - Borrowing Base Report
- Exhibit G - Environmental Compliance Certificate
- Exhibit H - Letter of Credit Application and Agreement
- Exhibit I - Opinion of Gerald R. Shrader, Esq, general counsel for Restricted Persons
- Exhibit J - Assignment and Assumption Agreement

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT is made as of November 25, 1997, by and among Continental Natural Gas, Inc., an Oklahoma corporation (herein called "Borrower"), ING (U.S.) Capital Corporation ("ING Capital"), individually as a Revolving Credit Lender and a Term Lender, and as Agent, and the other Lenders from time to time a party hereto. In consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

RECITALS:

WHEREAS, Borrower and its Subsidiaries have previously acquired certain of the Plants and the Stand-Alone Gathering Systems and financed the purchase of such Plants and Stand-Alone Gathering Systems pursuant to the Original Agreement; and

WHEREAS, Borrower owns all of: the outstanding capital stock of

- (i) Continental Holdings Company, an Oklahoma corporation ("CHC"), and
- (ii) Continental/Taurus Holdings Company, L.L.C., an Oklahoma limited liability company ("C/T Holdings"); and

WHEREAS, C/T Holdings owns all of the outstanding capital stock of Continental/Taurus Acquisition Corp., a Delaware corporation ("C/T Acquisition"), and

WHEREAS, pursuant to the Acquisition Documents, C/T Acquisition shall acquire a 99% limited partnership interest in Continental/Taurus Energy Company, L.P., a Delaware limited partnership ("Taurus LP"), and CHC shall have acquired a 1% general partnership interest in Taurus LP; and

WHEREAS, to refinance the outstanding indebtedness under the Original Agreement and to finance the acquisition by C/T Acquisition and CHC of such interests in Taurus LP, subject to the terms and conditions set forth herein:

- (i) ING Capital and the other Revolving Credit Lenders propose to lend to Borrower up to \$25,000,000, and
- (ii) ING Capital and the other Term Lenders propose to lend to Borrower up to \$75,000,000; and

WHEREAS, \$41,580,000 of the proceeds of the Term Loans are to be

contributed by Borrower as capital to C/T Holdings, and then contributed by C/T Holdings as capital to C/T Acquisition, and \$420,000 of the proceeds of the Term Loans are to be contributed by Borrower as capital to CHC; and

WHEREAS, immediately following the consummation of such acquisition, C/T Acquisition is to merge into Taurus LP, with Taurus LP as the surviving entity, pursuant to which C/T Holdings shall acquire a 99% limited partnership interest in Taurus LP;

1

7

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - Definitions and References

Section 1.1. Defined Terms. As used in this Agreement, each of the following terms has the meaning given it in this Section 1.1 or in the sections and subsections referred to below:

"Acquisition Closing Date" shall mean the date on which the acquisition of the partnership interests in Taurus LP by C/T Acquisition and CHC is consummated pursuant to the Acquisition Documents, which shall be on or before November 30, 1997.

"Acquisition Documents" means (a) the Agreement and Plan of Merger dated November 24, 1997 among Coda, Borrower and CHC, regarding the acquisition of the partnership interests in Taurus LP, (b) the assignments of partnership interests and agreements and plans of merger, articles of merger and certificates of merger delivered thereunder and (c) all other agreements or instruments delivered in connection therewith to consummate the acquisitions and mergers contemplated thereby.

"Affiliate" means, as to any Person, each other Person that directly or indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" means ING Capital, as Agent hereunder, and its successors in such capacity; provided, however, that until such time as a Lender other than ING Capital becomes a party hereto, "Agent" shall mean ING Capital, individually.

"Agreement" means this Credit Agreement.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of Base Rate Loans and such Lender's Eurodollar Lending Office in the case of Eurodollar Loans.

"Approved Counterparty" means any of ONEOK, Williams, Natural Gas Clearinghouse, ConAgra Energy Services, Inc., Koch Hydrocarbon Company, Mapco, Aquila Risk Management Corporation, Enron Capital & Trade Resources Corp., Southern Company Energy Mktg LP (formerly Vastar), PG&E Energy Trading, NP Energy, Inc., Duke Energy

2

8

Trading and Marketing, L.L.C., El Paso Energy Marketing, Tenaslea Marketing Ventures, Entergy Power Marketing, L.S.B. Industries, Inc. or Mountain Energy, Inc. (Mountain Iron).

"Bank Parties" means Agent, LC Issuer, and all Lenders.

"Base Rate" means the Base Rate Margin plus the higher of (a) the Reference Rate and (b) the Federal Funds Rate plus one-half percent (0.5%) per annum. For purposes of this definition, "Reference Rate" means the arithmetic average of the rates of interest publicly announced by The Chase Manhattan Bank (National Association), Citibank, N.A. and Morgan Guaranty Trust Company of New York (or their respective successors) as their respective prime commercial lending rates (or, as to any such bank that does not announce such a rate, such bank's "base" or other rate reasonably determined by Agent to be the equivalent rate announced by such bank), except that, if any such bank shall, for any period, cease to announce publicly its prime commercial lending (or equivalent) rate, Agent shall, during such period, determine the "Base Rate" based upon the prime commercial lending (or equivalent) rates announced publicly by the other such banks. The Base Rate shall in no event, however, exceed the Highest Lawful Rate.

"Base Rate Loan" means a Loan which does not bear interest at the Eurodollar Rate.

"Base Rate Margin" means, on each day:

(a) zero percent (0%) per annum when the Debt to EBITDA Ratio on such day is less than or equal to 3.50 to 1,

(b) one-half percent (0.5%) per annum when the Debt to EBITDA Ratio on such day is greater than 3.50 to 1, but less than or equal to 4.50 to 1, and

(c) three-quarters percent (0.75%) per annum when the Debt to EBITDA Ratio on such day is greater than 4.50 to 1.

"Borrower" means Continental Natural Gas, Inc., an Oklahoma corporation.

"Borrowing" means a borrowing of new Loans of a single Type pursuant to Section 2.2 or a continuation or conversion of existing Loans into a single Type (and, in the case of Eurodollar Loans, with the same Interest Period) pursuant to Section 2.3.

"Borrowing Base" means, at the particular time in question, either the amount provided for in Section 2.8 or the amount determined by Agent in accordance with the provisions of Section 2.9; provided, however, that in no event shall the Borrowing Base ever exceed the Revolving Credit Maximum Loan Amount.

"Borrowing Base Deficiency" has the meaning given it in Section 2.7(a).

"Borrowing Base Report" means a report in the form attached hereto as Exhibit E, appropriately completed, together with the following attachments:

(a) a summary aged schedule of all Eligible Receivables as of the date specified in such report, listing face amounts and dates of invoices of each such Eligible Receivable and the name of each account debtor obligated on such Eligible Receivable (and, upon request of Agent, copies of invoices, credit reports, and any other matters and information relating to the Eligible Receivables), and (b) a schedule of all unbilled trade accounts for Natural Gas sold which will constitute Eligible Receivables upon invoicing the account debtor therefor.

"Borrowing Notice" means a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 2.2.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in New York, New York. Any Business Day in any way relating to Eurodollar Loans (such as the day on which an Interest Period begins or ends) must also be a day on which, in the judgment of Agent, significant transactions in dollars are carried out in the interbank eurocurrency market.

"Cash Equivalents" means investments in:

(a) marketable obligations, maturing within 12 months after acquisition thereof, issued or unconditionally guaranteed by the United States of America or an instrumentality or agency thereof and entitled to the full faith and credit of the United States of America.

(b) demand deposits, and time deposits (including certificates of deposit) maturing within 12 months from the date of deposit thereof, with any office of any Lender or with a domestic office of any national or state bank or trust company which is organized under the Laws of the United States of America or any state therein, which has capital, surplus and undivided profits of at least \$500,000,000, and whose certificates of deposit have a rating of at least AA or Aa3 given by either Rating Agency.

(c) open market commercial paper, maturing within 270 days after acquisition thereof, which has a rating of A1 or P1 given by either Rating Agency.

(d) investments in money market or other mutual funds substantially all of whose assets comprise securities of the types described in clauses (a) through (c) above.

"Change of Control" means the occurrence of either of the following events: (i) any Person or two or more Persons acting as a group shall acquire beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Act of 1934, as amended, and including holding proxies to vote for the election of directors other than proxies held by Borrower's management or their designees to be voted in favor of Persons nominated by Borrower's Board of Directors) of 49% or more of the outstanding voting securities of Borrower, measured by voting power (including both common stock and any preferred stock or other equity securities entitling the holders thereof to vote with the holders

4

10

of common stock in elections for directors of Borrower) or (ii) a majority of the directors of Borrower shall consist of Persons not nominated by Borrower's Board of Directors (not including as Board nominees any directors which the Board is obligated to nominate pursuant to shareholders agreements, voting trust arrangements or similar arrangements).

"Closing Date" means November 25, 1997, or any other date on or before November 30, 1997 upon which Borrower, Agent and Lenders may agree.

"Collateral" means all property of any kind which is subject to a Lien in favor of Lenders (or in favor of Agent for the benefit of Lenders) or which, under the terms of any Security Document, is purported to be subject to such a Lien.

"Consolidated" refers to the consolidation of any Person, in accordance with GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"Consolidated Gross Operating Cash Flow" has the meaning given it in Section 2.7(b).

"Consolidated Net Income" means, as to any Person or Consolidated group of Persons for any period, the gross revenues of such Person or Persons for such period, plus any cash dividends or distributions actually received by

such Person or Persons from any other Persons not part of such Consolidated group, minus all expenses and other proper charges (including taxes on income, to the extent imposed upon such Person or Persons), determined on a Consolidated basis after eliminating earnings or losses attributable to outstanding minority interests, but excluding the undistributed net earnings of any other Persons not part of such Consolidated group in which such Person or Persons has an ownership interest.

"Consolidated Net Worth" means, as to any Person or Consolidated group of Persons, the Consolidated owners' equity of such Person or group of Persons, not including treasury stock, subscribed but unissued stock, or minority interests.

"Continuation/Conversion Notice" means a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 2.3.

"Debt Service" means, on a Consolidated basis, the sum of (i) all rentals (other than rentals on capitalized leases) payable during such period by Borrower and its Subsidiaries and (ii) all interest charges on all Indebtedness (including the interest component of rentals on capitalized leases) of Borrower and its Subsidiaries.

"Debt to Capital Ratio" means the ratio of (i) the aggregate amount of Borrower's Consolidated Indebtedness (excluding Liabilities with respect to Letters of Credit issued hereunder) to (ii) the sum of (a) Borrower's Consolidated Net Worth plus (b) Borrower's Consolidated Indebtedness as of the end of the preceding Fiscal Quarter.

5

11

"Debt to EBITDA Ratio" means at the end of any Fiscal Quarter, the ratio of (i) the aggregate amount of Borrower's Consolidated Indebtedness (excluding Liabilities with respect to Letters of Credit issued hereunder) at such time to (ii) EBITDA for the four-Fiscal Quarter period ending with such Fiscal Quarter, to be determined on the date on which Agent and Lenders receive the financial statements of Borrower for each Fiscal Quarter as set forth in Section 6.2(b), based on the financial information contained therein as of the end of such Fiscal Quarter, and effective from such date until the next date on which the next such financial statements are received.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Default Rate" means, at the time in question, two percent (2.0%) per annum plus the Base Rate then in effect; provided that, with respect to any Eurodollar Loan with an Interest Period extending beyond the date such Eurodollar Loan becomes due and payable, "Default Rate" shall mean two percent (2.0%) per annum plus the related Eurodollar Rate. The Default Rate shall never exceed the Highest Lawful Rate.

"Disclosure Report" means either a notice given by Borrower under Section 6.4 or a certificate given by Borrower's chief financial officer under Section 6.2(b).

"Disclosure Schedule" means Schedule 1 hereto.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" below its name on the Lender Schedule attached hereto, or such other office as such Lender may from time to time specify to Borrower and Agent.

"EBITDA" means, for any period, the Consolidated Net Income of Borrower for such period plus (i) income taxes, depreciation and amortization and other non-cash charges that were deducted in determining the Consolidated Net Income of Borrower (less all non-cash items of income that were included in determining the Consolidated Net Income of Borrower), and (ii) Debt Service

during such period.

"Eligible Receivables" means at any time an amount equal to the aggregate net invoice or ledger amount owing on all trade accounts receivable of Restricted Persons, arising pursuant to the sale, gathering, processing or transportation of Natural Gas, in which Agent has a perfected, first priority security interest (subject only to Permitted Liens securing taxes not yet due and payable) after deducting (a) the amount of all such accounts unpaid for more than ninety (90) days after the date of original invoice (and, if more than 50% of the aggregate amount of all accounts of any account debtor is more than ninety (90) days past due, all accounts of such account debtor), (b) the amount of all discounts, allowances, rebates, credits and adjustments to such accounts, (c) all contra accounts, setoffs, defenses or counterclaims asserted by or available to the Persons obligated on such accounts, (d) the amount billed for or

6

12

representing retainage, if any, until all prerequisites to the immediate payment of retainage have been satisfied, (e) all such accounts owed by account debtors which are insolvent or otherwise not reasonably satisfactory to Agent, and (f) all such accounts owing by Affiliates of Restricted Persons or by officers or employees of Restricted Persons or any such Affiliate.

"Eligible Transferee" means a Person which either (a) is a Lender, or (b) is consented to as an Eligible Transferee by Agent and, so long as no Event of Default is continuing, by Borrower, which consents in each case will not be unreasonably withheld (provided that no Person organized outside the United States may be an Eligible Transferee if Borrower would be required to pay withholding taxes on interest or principal owed to such Person).

"Engineering Report" means the Initial Engineering Report and each engineering report delivered pursuant to Section 6.2(c).

"Environmental Laws" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA Affiliate" means Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code of 1986, as amended.

"ERISA Plan" means any employee pension benefit plan subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any Restricted Person has a fixed or contingent liability.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" below its name on the Lender Schedule attached hereto (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Borrower and Agent.

"Eurodollar Loan" means a Loan which is properly designated as a Eurodollar Loan pursuant to Section 2.2 or 2.3.

"Eurodollar Margin" means, on each day:

(a) one and three-eighths percent (1.375%) per annum when the Debt to EBITDA Ratio on such day is less than or equal to 2.50 to 1,

(b) one and three-quarters percent (1.75%) per annum when the Debt to EBITDA Ratio on such day is greater than 2.50 to 1, but less than or equal to 3.50 to 1,

(c) two and one-quarter percent (2.25%) per annum when the Debt to EBITDA Ratio on such day is greater than 3.50 to 1, but less than or equal to 4.50 to 1, and

(d) two and one-half percent (2.5%) per annum when the Debt to EBITDA Ratio on such day is greater than 4.50 to 1.

"Eurodollar Rate" means, with respect to each particular Eurodollar Loan and the associated LIBOR Rate and Reserve Percentage, the rate per annum calculated by Agent (rounded upwards, if necessary, to the next higher 0.01%) determined on a daily basis pursuant to the following formula:

$$\begin{aligned} \text{Eurodollar Rate} = & \\ & \text{LIBOR Rate} \quad \quad \quad + \text{Eurodollar Margin} \\ & \text{-----} \\ & 100.0\% - \text{Reserve Percentage} \end{aligned}$$

The Eurodollar Rate for any Eurodollar Loan shall change whenever the Eurodollar Margin or the Reserve Percentage changes. No Eurodollar Rate shall ever exceed the Highest Lawful Rate.

"Event of Default" has the meaning given it in Section 8.1.

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of one percent) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent.

"Fiscal Quarter" means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

"Fiscal Year" means a twelve-month period ending on December 31 of any year.

"GAAP" means those generally accepted accounting principles and practices which are recognized as such by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of Borrower and its Consolidated subsidiaries, are applied for all periods after the date hereof in a manner consistent with the manner in which such

principles and practices were applied to the audited Initial Financial Statements. If any change in any accounting principle or practice is required by the Financial Accounting Standards Board (or any such successor) in order for such principle or practice to continue as a generally accepted accounting

principle or practice, all reports and financial statements required hereunder with respect to Borrower or with respect to Borrower and its Consolidated subsidiaries may be prepared in accordance with such change, but all calculations and determinations to be made hereunder may be made in accordance with such change only after notice of such change is given to each Lender and Majority Lenders agree to such change insofar as it affects the accounting of Borrower or of Borrower and its Consolidated subsidiaries.

"Guarantor" means any Person who has guaranteed some or all of the Obligations pursuant to a guaranty listed on the Security Schedule or any other Person who has guaranteed some or all of the Obligations and who has been accepted by Agent as a Guarantor or any Subsidiary of Borrower which now or hereafter executes and delivers a guaranty to Agent pursuant to Section 6.18.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Hedging Contract" means (a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing, (b) any option, futures or forward contract traded on an exchange, and (c) any other derivative agreement or other similar agreement or arrangement.

"Highest Lawful Rate" means, with respect to each Lender, the maximum nonusurious rate of interest that such Lender is permitted under applicable Law to contract for, take, charge, or receive with respect to its Loan. All determinations herein of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, shall be made separately for each Lender as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender at a rate in excess of the Highest Lawful Rate applicable to such Lender.

"Indebtedness" of any Person means, without duplication, Liabilities in any of the following categories:

- (a) Liabilities for borrowed money,
- (b) Liabilities constituting an obligation to pay the deferred purchase price of property or services,
- (c) Liabilities evidenced by a bond, debenture, note or similar instrument,

9

15

(d) Liabilities which (i) would under GAAP be shown on such Person's balance sheet as a liability, and (ii) are payable more than one year from the date of creation thereof (other than reserves for taxes and reserves for contingent obligations),

(e) Liabilities arising under Hedging Contracts,

(f) Liabilities constituting principal under leases capitalized in accordance with GAAP,

(g) Liabilities arising under conditional sales or other title retention agreements,

(h) Liabilities owing under direct or indirect guaranties of Liabilities of any other Person or constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Liabilities of any other Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase Liabilities, assets, goods, securities or services), but excluding endorsements in the ordinary course of business of negotiable instruments in the course of collection,

(i) Liabilities (for example, repurchase agreements) consisting of an obligation to purchase securities or other property, if such Liabilities arises out of or in connection with the sale of the same or similar securities or property,

(j) Liabilities with respect to letters of credit or applications or reimbursement agreements therefor,

(k) Liabilities with respect to payments received in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment (including obligations under "take-or-pay" contracts to deliver gas in return for payments already received and the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment), or

(l) Liabilities with respect to other obligations to deliver goods or services in consideration of advance payments therefor;

provided, however, that the "Indebtedness" of any Person shall not include Liabilities that were incurred by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Liabilities are outstanding more than 90 days after the incurrence thereof.

"ING Capital" means ING (U.S.) Capital Corporation, a Delaware corporation, as a Lender hereunder, and its successors in such capacity.

"Initial Engineering Report" means the engineering report concerning gas reserves of Restricted Persons dated April 30, 1997, prepared by Lee Keeling & Associates as of January 1, 1997, together with corresponding information relating the information contained in such reports to each gas processing plant or pipeline system of Restricted Persons.

10

16

"Initial Financial Statements" means (i) the audited annual Consolidated financial statements of Borrower dated as of December 31, 1996 and (ii) the unaudited quarterly Consolidated financial statements of Borrower dated as of September 30, 1997.

"Insurance Schedule" means Schedule 3 attached hereto.

"Interest Period" means, with respect to each particular Eurodollar Loan in a Borrowing a period of 1, 2, 3 or 6 months (provided, that prior to the Syndication Date, Interest Periods with respect to Eurodollar Loans shall be 1 month), as specified in the Borrowing Notice applicable thereto beginning on and including the date specified in such Borrowing Notice (which must be a Business Day), and ending on but not including the same day of the month as the day on which it began (e.g., a period beginning on the third day of one month shall end on but not include the third day of another month), provided that each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (unless such next succeeding Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the immediately preceding Business Day), and that each such period beginning on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such period) shall end on the last Business Day of a calendar month. No Interest Period may be elected which would extend past the date on which the associated Note is due and payable in full.

"Law" means any statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, franchise, license, agreement or other governmental restriction of the United States or any state or political subdivision thereof or of any foreign country or any department, province or other political subdivision thereof.

"LC Application" means any application for a Letter of Credit hereunder made by Borrower to LC Issuer.

"LC Collateral" has the meaning given it in Section 2.15(a).

"LC Issuer" means ING Capital in its capacity as the issuer of Letters

of Credit hereunder, and its successors in such capacity. Agent may, with the consent of Borrower and the Lender in question, appoint any Lender hereunder as the LC Issuer in place of or in addition to ING Capital.

"LC Obligations" means, at the time in question, the sum of all Matured LC Obligations plus the Maximum Drawing Amount.

"Lender" means a Revolving Credit Lender or a Term Lender, as appropriate. "Lenders" means, collectively, all Lenders.

"Lending Office" means, with respect to any Lender, the office, branch, or agency through which it funds its Eurodollar Loans; with respect to LC Issuer, the office, branch, or

11

17

agency through which it issues Letters of Credit; and, with respect to Agent or Collateral Agent, the office, branch, or agency through which it administers this Agreement.

"Letter of Credit" means any letter of credit issued by LC Issuer hereunder at the application of Borrower.

"Liabilities" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be considered pursuant to GAAP.

"LIBOR Rate" means, with respect to each particular Eurodollar Loan and the related Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/32 of 1%) reported, on the date two Business Days prior to the first day of such Interest Period, on Telerate Access Service Page 3750 (British Bankers Association Settlement Rate) as the London Interbank Offered Rate for dollar deposits having a term comparable to such Interest Period and in an amount of \$500,000 or more (or, if such Page shall cease to be publicly available or if the information contained on such Page, in Agent's sole reasonable judgment, shall cease to accurately reflect such London Interbank Offered Rate, as reported by any publicly available source of similar market data selected by Agent that, in Agent's sole reasonable judgment, accurately reflects such London Interbank Offered Rate).

"Lien" means, with respect to any property or assets, any right or interest therein of a creditor to secure Liabilities owed to him or any other arrangement with such creditor which provides for the payment of such Liabilities out of such property or assets or which allows him to have such Liabilities satisfied out of such property or assets prior to the general creditors of any owner thereof, including any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by Law or agreement or otherwise, but excluding any right of offset which arises without agreement in the ordinary course of business. "Lien" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"Loan" means a Revolving Credit Loan or a Term Loan, as appropriate. "Loans" means, collectively, all Loans.

"Loan Documents" means this Agreement, the Notes, the Security Documents, the Letters of Credit, the LC Applications, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets, commitment letters, correspondence and similar documents used in the

12

negotiation hereof, except to the extent the same contain information about Borrower or its Affiliates, properties, business or prospects).

"Majority Lenders" means Lenders whose aggregate Percentage Shares equal or exceed sixty-six and two-thirds percent (662/3%).

"Material Adverse Change" means a material and adverse change, from the state of affairs presented in the Initial Financial Statements, to (a) Borrower's Consolidated financial condition, (b) the operations or properties of Borrower and its Subsidiaries, considered as a whole, (c) Borrower's ability to timely pay the Obligations, or (d) the enforceability of the material terms of any Loan Documents.

"Matured LC Obligations" means all amounts paid by LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit and all other amounts due and owing to LC Issuer under any LC Application for any Letter of Credit, to the extent the same have not been repaid to LC Issuer (with the proceeds of Loans or otherwise).

"Maximum Drawing Amount" means at the time in question the sum of the maximum amounts which LC Issuer might then or thereafter be called upon to advance under all Letters of Credit then outstanding.

"Natural Gas" means all gaseous hydrocarbons, including, but not limited to, oil well gas, gas well gas, casinghead gas and all products refined therefrom or produced in association therewith, including condensate, distillate and other liquid hydrocarbons produced from gaseous hydrocarbons.

"Note" means a Revolving Credit Note or a Term Note, as appropriate. "Notes" means, collectively, all Lenders' Notes.

"Obligations" means all Liabilities from time to time owing by any Restricted Person to any Bank Party under or pursuant to any of the Loan Documents, including all LC Obligations. "Obligation" means any part of the Obligations.

"Original Agreement" has the meaning given it in Section 10.13.

"Percentage Share" means, with respect to any Lender (a) when no Loans are outstanding hereunder, the "Total Percentage" set forth opposite such Lender's name on the Lender Schedule attached hereto, and (b) when used otherwise, the percentage obtained by dividing (i) the sum of the unpaid principal balance of such Lender's Loans at the time in question (plus, with respect to Revolving Credit Lenders, the Matured LC Obligations which such Lender has funded pursuant to Section 2.14(c) plus the portion of the Maximum Drawing Amount which such Lender might be obligated to fund under Section 2.14(c)), by (ii) the sum of the aggregate unpaid principal balance of all Loans at such time plus the aggregate amount of LC Obligations outstanding at such time.

"Permitted Lien" has the meaning given to such term in Section 7.2.

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Plant" means each gas processing plant and related gas gathering systems, if any, and any interests therein, owned by any Restricted Person, as may be described in detail in the Security Documents.

"Rating Agency" means either Standard & Poor's Ratings Group (a

division of McGraw Hill, Inc.) or Moody's Investors Service, Inc., or their respective successors.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Required Hedges" means forward, future, swap or hedging contracts entered into by Borrower pursuant to Section 7.3(b) in the aggregate covering at all times not less than fifty percent (50%) of the then-outstanding Term Loans for a period of not less than two and a half years.

"Restricted Person" means any of Borrower, each Subsidiary of Borrower and each Guarantor, excluding any Unrestricted Subsidiaries but including Taurus LP.

"Reserve Percentage" means, on any day with respect to each particular Eurodollar Loan, the maximum reserve requirement, as determined by Agent (including without limitation any basic, supplemental, marginal, emergency or similar reserves), expressed as a percentage and rounded to the next higher 0.01%, which would then apply under Regulation D with respect to "Eurocurrency liabilities", as such term is defined in Regulation D, of \$500,000 or more. If such reserve requirement shall change after the date hereof, the Reserve Percentage shall be automatically increased or decreased, as the case may be, from time to time as of the effective time of each such change in such reserve requirement.

"Revolving Credit Commitment Period" means the period from and including the date hereof until and including the Revolving Credit Commitment Termination Date (or, if earlier, the day on which the Revolving Credit Notes first become due and payable in full).

"Revolving Credit Commitment Termination Date" means December 31, 1999; provided, Borrower may, by written request to Agent and each Revolving Credit Lender at any time not less than 120 days prior to the Revolving Credit Commitment Termination Date (whether the initial Revolving Credit Commitment Termination Date or such date as previously extended by Revolving Credit Lenders in their sole discretion pursuant to this proviso), request Revolving Credit Lenders to extend the Revolving Credit Commitment Termination Date upon the same terms and conditions as set forth herein, and Revolving Credit Lenders may, in their

individual sole discretion and upon their unanimous agreement, extend the Revolving Credit Commitment Termination Date for successive periods of up to one year.

"Revolving Credit Facility Usage" means, at the time in question, the aggregate amount of outstanding Revolving Credit Loans and existing LC Obligations at such time.

"Revolving Credit Lender" means each Lender signatory hereto as a "Revolving Credit Lender" (including ING Capital in its capacity hereunder as a Revolving Credit Lender rather than as Agent, a Term Lender, or LC Issuer), and the successors of each, as permitted pursuant to Section 10.5, as a holder of a Revolving Credit Note.

"Revolving Credit Loan" has the meaning given it in Section 2.1(a). "Revolving Credit Loans" means, collectively, all Revolving Credit Lenders' Revolving Credit Loans.

"Revolving Credit Maximum Loan Amount" means the amount of \$25,000,000.

"Revolving Credit Note" has the meaning given it in Section 2.1(a). "Revolving Credit Notes" means, collectively, all Revolving Credit Lenders' Revolving Credit Notes.

"Revolving Credit Percentage Share" means, with respect to any Revolving Credit Lender, the "Revolving Credit Percentage" set forth opposite such Revolving Credit Lender's name on the Lender Schedule attached hereto.

"Security Documents" means the instruments listed in the Security Schedule and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, guaranties, financing statements, continuation statements, extension agreements and other agreements or instruments now, heretofore, or hereafter delivered by any Restricted Person to Agent in connection with this Agreement or any transaction contemplated hereby to secure or guarantee the payment of any part of the Obligations or the performance of any Restricted Person's other duties and obligations under the Loan Documents.

"Security Schedule" means Schedule 2 hereto.

"Stand-Alone Gathering Systems" means those various gas transportation systems, gas gathering systems, gas pipelines, and other related properties located in Oklahoma and Texas owned by Continental Gathering, L.L.C., and described in detail in the Security Documents.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person.

"Syndication Date" means the date on which ING Capital has successfully syndicated the Loans as provided in that certain letter agreement of even date herewith between ING Capital and Borrower.

15

21

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(b)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(b) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Term Loan Percentage Share" means, with respect to any Term Lender, the "Term Loan Percentage" set forth opposite such Term Lender's name on the Lender Schedule attached hereto.

"Term Loan" has the meaning given it in Section 2.1(b). "Term Loans" means, collectively, all Term Lenders' Term Loans.

"Term Lender" means each Lender signatory hereto as a "Term Lender" (including ING Capital in its capacity hereunder as a Term Lender rather than as Agent, a Revolving Credit Lender or LC Issuer), and the successors of each, as permitted pursuant to Section 10.5, as a holder of a Term Note.

"Term Note" has the meaning given it in Section 2.1(b). "Term Notes" means, collectively, all Term Lenders' Term Notes.

"Transaction Documents" means the Loan Documents, the Acquisition Documents and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted and/or existing.

"Type" means, with respect to any Loans, the characterization of such Loans as either Base Rate Loans or Eurodollar Loans.

"Unrestricted Subsidiary" means Continental Energy Services, L.L.C., an Oklahoma limited liability company and a wholly-owned Subsidiary of Borrower.

16

22

Section 1.2. Exhibits and Schedules; Additional Definitions. All Exhibits and Schedules attached to this Agreement are a part hereof for all purposes. Reference is hereby made to the Security Schedule for the meaning of certain terms defined therein and used but not defined herein, which definitions are incorporated herein by reference.

Section 1.3. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement.

Section 1.4. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 1.5. Calculations and Determinations. All calculations under the Loan Documents of interest chargeable with respect to Eurodollar Loans and of fees shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All other calculations of interest made under the Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Bank Party of amounts to be paid under Sections 3.2 through 3.6 or any other matters which are to be determined hereunder by a Bank Party (such as any Eurodollar Rate, LIBOR Rate, Business Day, Interest Period, or Reserve Percentage) shall, in the absence of demonstrable error, be conclusive and binding. Unless otherwise expressly provided herein or unless Majority Lenders otherwise consent all financial statements and reports furnished to any Bank Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with GAAP.

17

23

ARTICLE II - The Loans and Letters of Credit

Section 2.1. Revolving Credit Loans and Term Loans.

(a) Revolving Credit Commitments to Lend. Subject to the terms and conditions hereof, each Revolving Credit Lender agrees to make revolving credit loans to Borrower (herein called such Revolving Credit Lender's "Revolving Credit Loans") upon Borrower's request from time to time during the Revolving Credit Commitment Period, provided that (i) subject to Sections 3.3, 3.4 and 3.6, all Revolving Credit Lenders are requested to make Revolving Credit Loans of the same Type in accordance with their respective Revolving Credit Percentage Shares and as part of the same Borrowing, and (ii) after giving effect to such Revolving Credit Loans, the Revolving Credit Facility Usage does not exceed the Borrowing Base determined as of the date on which the requested Revolving Credit Loans are to be made. The aggregate amount of all Revolving Credit Loans in any Borrowing must be greater than or equal to \$500,000 or must equal the remaining availability under the Borrowing Base. Borrower may have no more than eight Borrowings of Eurodollar Loans that are Revolving Credit Loans outstanding at any time. The obligation of Borrower to repay to each Revolving Credit Lender the aggregate amount of all Revolving Credit Loans made by such Revolving Credit Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Revolving Credit Lender's "Revolving Credit Note") made by Borrower payable to the order of such Revolving Credit Lender in the form of Exhibit A with appropriate insertions. The amount of principal owing on any Revolving Credit Lender's Revolving Credit Note at any given time shall be the aggregate amount of all Revolving Credit Loans theretofore made by such Revolving Credit Lender minus all payments of principal theretofore received by such Revolving Credit Lender on such Revolving Credit Note. Interest on each Revolving Credit Note shall accrue and be due and payable as provided herein and therein, with Eurodollar Loans bearing interest at the Eurodollar Rate and Base Rate Loans bearing interest at the Base Rate (subject to the applicability of the Default Rate and limited by the provisions of Section 10.8). Subject to the terms and conditions hereof, Borrower may borrow, repay, and reborrow Revolving Credit Loans.

(b) Term Loans. Subject to the terms and conditions hereof, each Term Lender agrees to make an advance to Borrower on the Closing Date in an amount which does not exceed such Term Lender's Term Loan Percentage Share of \$75,000,000 (or, if less, such Term Lender's Term Loan Percentage Share of the aggregate amount then requested of all such Term Lenders) (such advance collectively herein called such Term Lender's "Term Loan"), provided that subject to Sections 3.3, 3.4 and 3.6, all Term Lenders are requested to make such Term Loans of the same Type in accordance with their respective Term Loan Percentage Shares and as part of the same Borrowing. Following such advances, Borrower may have no more than five Borrowings of Eurodollar Loans that are Term Loans outstanding at any time. The obligation of Borrower to repay to each Term Lender the amount of such Term Loan made by such Term Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Term Lender's "Term Note") made by Borrower payable to the order of such Term Lender in the form of Exhibit B with appropriate insertions. Interest on each Term Note shall accrue and be due and payable as provided herein

18

24

and therein, with Eurodollar Loans bearing interest at the Eurodollar Rate and Base Rate Loans bearing interest at the Base Rate (subject to the applicability of the Default Rate and limited by the provisions of Section 10.8). Borrower may not borrow, repay, and reborrow Term Loans.

Section 2.2. Requests for Loans.

(a) Requests for New Revolving Credit Loans. Borrower must give to Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new Revolving Credit Loans to be advanced by Revolving Credit Lenders. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(i) specify (A) the aggregate amount of any such Borrowing of new Base Rate Loans and the date on which such Base Rate Loans are to be advanced, or (B) the aggregate amount of any such Borrowing of new Eurodollar Loans, the date on which such Eurodollar Loans are to be advanced (which shall be the first day of the Interest Period which is

to apply thereto), and the length of the applicable Interest Period;
and

(ii) be received by Agent not later than 10:00 a.m., New York, New York time, on (A) the day on which any such Base Rate Loans are to be made, or (B) the third Business Day preceding the day on which any such Eurodollar Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit C-1, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Agent shall give each Revolving Credit Lender prompt notice of the terms thereof. If all conditions precedent to such new Revolving Credit Loans have been met, each Revolving Credit Lender will on the date requested promptly remit to Agent's account in New York, New York the amount of such Revolving Credit Lender's new Revolving Credit Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Revolving Credit Loans have been neither met nor waived as provided herein, Agent shall promptly make such Revolving Credit Loans available to Borrower. Unless Agent shall have received prompt notice from a Revolving Credit Lender that such Revolving Credit Lender will not make available to Agent such Revolving Credit Lender's new Revolving Credit Loan, Agent may in its discretion assume that such Revolving Credit Lender has made such Revolving Credit Loan available to Agent in accordance with this section and Agent may if it chooses, in reliance upon such assumption, make such Revolving Credit Loan available to Borrower. If and to the extent such Revolving Credit Lender shall not so make its new Revolving Credit Loan available to Agent, such Revolving Credit Lender and Borrower severally agree to pay or repay to Agent within three days after demand the amount of such Revolving Credit Loan together with interest thereon, for each day from the date such amount was made available to Borrower until the date such amount is paid or repaid to Agent, with interest at (i) the Federal Funds Rate, if such

19

25

Revolving Credit Lender is making such payment and (ii) the interest rate applicable at the time to the other new Revolving Credit Loans made on such date, if Borrower is making such repayment. If neither such Revolving Credit Lender nor Borrower pay or repay to Agent such amount within such three-day period, Agent shall in addition to such amount be entitled to recover from such Revolving Credit Lender and from Borrower, on demand, interest thereon at the Default Rate, calculated from the date such amount was made available to Borrower. The failure of any Revolving Credit Lender to make any new Revolving Credit Loan to be made by it hereunder shall not relieve any other Revolving Credit Lender of its obligation hereunder, if any, to make its new Revolving Credit Loan, but no Revolving Credit Lender shall be responsible for the failure of any other Revolving Credit Lender to make any new Revolving Credit Loan to be made by such other Revolving Credit Lender.

(b) Requesting the Term Loans. Before the Term Loans are made, Borrower must give Agent a written request therefor in the form and substance of the "Request for Term Loans" attached hereto as Exhibit C-2, duly completed. If all conditions precedent to such Term Loans have been met, each Term Lender will on the date requested promptly remit to Agent's account in New York, New York the amount of such Term Lender's Term Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Term Loans have been neither met nor waived as provided herein, Agent shall promptly make such Term Loans available to Borrower. The Request for Term Loans shall be irrevocable and binding on Borrower. Unless Agent shall have received prompt notice from a Term Lender that such Term Lender will not make available to Agent such Term Lender's new Term Loan, Agent may in its discretion assume that such Term Lender has made such Term Loan available to Agent in accordance with this section and Agent may if it chooses, in reliance upon such assumption, make such Term Loan available to Borrower. If and to the extent such Term Lender shall not so make its new Term Loan available to Agent, such Term Lender and Borrower severally agree to pay or repay to Agent within three days after demand the amount of such Term Loan together with interest thereon, for each day from the date such amount was made

available to Borrower until the date such amount is paid or repaid to Agent, with interest at (i) the Federal Funds Rate, if such Term Lender is making such payment and (ii) the interest rate applicable at the time to the other new Term Loans made on such date, if Borrower is making such repayment. If neither such Term Lender nor Borrower pay or repay to Agent such amount within such three-day period, Agent shall in addition to such amount be entitled to recover from such Term Lender and from Borrower, on demand, interest thereon at the Default Rate, calculated from the date such amount was made available to Borrower. The failure of any Term Lender to make any new Term Loan to be made by it hereunder shall not relieve any other Term Lender of its obligation hereunder, if any, to make its new Term Loan, but no Term Lender shall be responsible for the failure of any other Term Lender to make any new Term Loan to be made by such other Term Lender.

(c) Loans Refinancing Existing Indebtedness under Original Agreement. The Term Loan to refinance loans under the Original Agreement shall be a Eurodollar Loan with an Interest Period of 36 days.

20

26

Section 2.3. Continuations and Conversions of Existing Loans. Borrower may make the following elections with respect to Loans from time to time outstanding: to convert Base Rate Loans to Eurodollar Loans, to convert Eurodollar Loans to Base Rate Loans on the last day of the Interest Period applicable thereto, or to continue Eurodollar Loans beyond the expiration of such Interest Period by designating a new Interest Period to take effect at the time of such expiration. In making such elections, Borrower may combine existing Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Loans made pursuant to one Borrowing into separate new Borrowings. To make any such election, Borrower must give to Agent written notice (or telephonic notice promptly confirmed in writing) of any such conversion or continuation of existing Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing Loans which are to be continued or converted;

(b) specify (i) the aggregate amount of any Borrowing of Base Rate Loans into which such existing Loans are to be continued or converted and the date on which such continuation or conversion is to occur, or (ii) the aggregate amount of any Borrowing of Eurodollar Loans into which such existing Loans are to be continued or converted, the date on which such continuation or conversion is to occur (which shall be the first day of the Interest Period which is to apply to such Eurodollar Loans), and the length of the applicable Interest Period; and

(c) be received by Agent not later than 10:00 a.m., New York, New York time, on (i) the day on which any such continuation or conversion to Base Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such continuation or conversion to Eurodollar Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Agent shall give each Lender prompt notice of the terms thereof. Each Borrowing Notice shall be irrevocable and binding on Borrower. During the continuance of any Default, Borrower may not make any election to convert existing Loans into Eurodollar Loans or continue existing Loans as Eurodollar Loans. If (due to the existence of a Default or for any other reason) Borrower fails to timely and properly give any notice of continuation or conversion with respect to a Borrowing of existing Eurodollar Loans at least three days prior to the end of the Interest Period applicable thereto, such Eurodollar Loans shall automatically be converted into Base Rate Loans at the end of such Interest Period. No new funds shall be repaid by Borrower or

advanced by any Lender in connection with any continuation or conversion of existing Loans pursuant to this section, and no such continuation or conversion shall be deemed to be a new advance of funds for any purpose; such continuations and conversions merely constitute a change in the interest rate applicable to already outstanding Loans.

21

27

Section 2.4. Use of Proceeds. Borrower shall use all Term Loans to refinance the existing indebtedness under the Original Agreement and for general other general business purposes, and \$41,580,000 of the proceeds of the Term Loans will be contributed by Borrower as capital to C/T Holdings, and then contributed by C/T Holdings as capital to C/T Acquisition, and \$420,000 of the proceeds of the Term Loans will be contributed by Borrower as capital to CHC, to finance the acquisition of the partnership interests in Taurus LP pursuant to the Acquisition Documents. Borrower shall use all Revolving Credit Loans to finance capital expenditures, to refinance Matured LC Obligations, and to provide working capital for its operations and for other general business purposes. Borrower shall use all Letters of Credit for its general business purposes. In no event shall the funds from any Loan or any Letter of Credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" or any "margin securities" (as such terms are defined respectively in Regulation U and Regulation G promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock or margin securities. Borrower represents and warrants that Borrower is not engaged principally, or as one of Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock or margin securities.

Section 2.5. Fees.

(a) Revolving Credit Commitment Fee. In consideration of each Revolving Credit Lender's commitment to make Revolving Credit Loans, Borrower will pay to Agent for the account of each Revolving Credit Lender a commitment fee determined on a daily basis by applying a rate of three-eighths percent (0.375%) per annum to such Revolving Credit Lender's Revolving Credit Percentage Share of the unused portion of the Revolving Credit Maximum Loan Amount on each day during the Revolving Credit Commitment Period, determined for each such day by deducting from the amount of the Revolving Credit Maximum Loan Amount at the end of such day the Revolving Credit Facility Usage. This commitment fee shall be due and payable in arrears on the last day of each March, June, September and December and at the end of the Revolving Credit Commitment Period.

(b) Agent's Fees. In addition to all other amounts due to Agent under the Loan Documents, Borrower will pay fees to Agent as described in a letter agreement of even date herewith between Agent and Borrower.

Section 2.6. Optional Prepayments. Borrower may, upon five Business Days' notice to Agent (who shall upon receipt of such notice promptly notify each Lender), from time to time and without premium or penalty prepay the Notes (and, so long as no Default has occurred and is continuing, Borrower may designate such prepayment to be applied to the Revolving Credit Notes or the Term Notes), in whole or in part, so long as the aggregate amounts of all partial prepayments of principal on the Notes equals \$100,000 or any higher integral multiple of \$100,000, so long as Borrower does not prepay any Eurodollar Loan, and so long as Borrower does not make any prepayments which would reduce the unpaid principal

22

28

balance of the Loans to less than \$100,000 without first either (a) terminating this Agreement or (b) providing assurance satisfactory to Agent in its discretion that Lenders' legal rights under the Loan Documents are in no way affected by such reduction. Each partial prepayment of the principal of the Term Notes shall be applied to the regular installments of principal due thereunder in the inverse order of their maturities. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

Section 2.7. Mandatory Prepayment of Revolving Credit Loans and Term Loans; Payment of Term Loans.

(a) Mandatory Prepayment of Revolving Credit Loans. If at any time the Revolving Credit Facility Usage is in excess of the Borrowing Base (such excess being herein called a "Borrowing Base Deficiency"), Borrower shall, within fifteen days after Agent gives notice of such fact to Borrower prepay the principal of the Revolving Credit Loans in an aggregate amount at least equal to such Borrowing Base Deficiency (or, if the Revolving Credit Loans have been paid in full, deliver LC Collateral to LC Issuer as required under Section 2.15(a)). Each prepayment of principal under this subsection shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this subsection shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

(b) Mandatory Prepayment of Term Loans. Following the one-year anniversary hereof, Borrower shall prepay the principal of the Term Loans on the forty-fifth day of each Fiscal Quarter, commencing February 15, 1999 in an amount equal to thirty-five percent (35%) of Borrower's Consolidated Gross Operating Cash Flow for the preceding Fiscal Quarter, to be applied to the regular installments of principal due thereunder in the inverse order of their maturities. As used herein, "Consolidated Gross Operating Cash Flow" means, for any Fiscal Quarter, Borrower's Consolidated net cash provided by operating activities (excluding changes in operating assets and liabilities) as reported on Borrower's quarterly statement of cash flows for such Fiscal Quarter delivered pursuant to Section 6.2(b), minus (i) capital expenditures pursuant to and as set forth in the most recent budget delivered pursuant to Section 6.2(d), and (ii) scheduled Term Loan principal payments during such Fiscal Quarter. In no event shall net cash provided or used by investing activities or financing activities be included in the determination of Consolidated Gross Operating Cash Flow.

(c) Repayment of Term Loans. Borrower shall repay the principal of the Term Loans in installments on the last day of each March, June, September and December, commencing March 31, 1998, with the final installment being due and payable on or before December 31, 2002. Each such installment shall be the lesser of (i) the remaining outstanding principal of the Term Loans on such date or (ii) the following amounts:

<TABLE>

<S>	<C>
March 31, 1998	\$1,875,000
June 30, 1998	\$1,875,000
September 30, 1998	\$1,875,000
December 31, 1998	\$1,875,000
March 31, 1999	\$1,875,000
June 30, 1999	\$1,875,000
September 30, 1999	\$1,875,000
December 31, 1999	\$1,875,000
March 31, 2000	\$2,500,000
June 30, 2000	\$2,500,000
September 30, 2000	\$2,500,000
December 31, 2000	\$2,500,000
March 31, 2001	\$2,500,000
June 30, 2001	\$2,500,000

September 30, 2001	\$2,500,000
December 31, 2001	\$2,500,000
March 31, 2002	\$2,500,000
June 30, 2002	\$2,500,000
September 30, 2002	\$2,500,000
December 31, 2002	\$32,500,000

</TABLE>

provided, that in the event the principal amount advanced on the Term Loans is less than \$75,000,000, then each amount set forth above shall be reduced by multiplying such amount by the original principal amount of the Term Loans divided by \$75,000,000. In any event all unpaid principal and interest on the Term Notes shall be due and payable in full on the final maturity of December 31, 2002.

Section 2.8. Initial Borrowing Base. During the period from the date hereof to the first redetermination date the Borrowing Base shall be \$25,000,000.

Section 2.9. Subsequent Determinations of Borrowing Base. Promptly after receiving any Borrowing Notice, Revolving Credit Lenders shall, based upon the most recent Borrowing Base Report delivered to Agent and each Revolving Credit Lender pursuant to Section 6.2(e) hereof or in connection with such Borrowing Notice, and such other information, reports and data available to Revolving Credit Lenders at the time in question, redetermine the Borrowing Base to remain in effect until the next such redetermination. The amount so redetermined shall be equal to eighty percent (80%) of Eligible Receivables. In the event Agent and each Revolving Credit Lender have not received an appropriately completed Borrowing Base Report (with all attachments) within the time period specified therein, Revolving Credit Lenders shall have no obligation to redetermine the Borrowing Base or to make any additional Revolving Credit Loans until such time as Revolving Credit Lenders shall have received such information.

Section 2.10. Letters of Credit. Subject to the terms and conditions hereof, Borrower may during the Revolving Credit Commitment Period request LC Issuer to issue one or more Letters of Credit, provided that, after taking such Letter of Credit into account:

24

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(a) the Revolving Credit Facility Usage does not exceed the Borrowing Base at such time; and

(b) the aggregate amount of LC Obligations at such time does not exceed \$18,000,000; and

(c) the expiration date of such Letter of Credit is prior to the end of the Revolving Credit Commitment Period; and

(d) such Letter of Credit is to be used for general business purposes of Borrower;

(e) such Letter of Credit is not directly or indirectly used to assure payment of or otherwise support any Indebtedness of any Person other than Indebtedness of any Restricted Person;

(f) the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject LC Issuer to any cost which is not reimbursable under Article III;

(g) the form and terms of such Letter of Credit are acceptable to LC Issuer in its sole and absolute discretion; and

(h) all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied.

LC Issuer will honor any such request if the foregoing conditions (a) through (h) (in the following Section 2.11 called the "LC Conditions") have been met as of the date of issuance of such Letter of Credit. LC Issuer may choose to honor

any such request for any other Letter of Credit but has no obligation to do so and may refuse to issue any other requested Letter of Credit for any reason which LC Issuer in its sole discretion deems relevant.

Section 2.11. Requesting Letters of Credit. Borrower must make written application for any Letter of Credit at least one Business Day before the date on which Borrower desires for LC Issuer to issue such Letter of Credit. By making any such written application Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.10 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing in the form and substance of Exhibit G, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by LC Issuer and Borrower). Two Business Days after the LC Conditions for a Letter of Credit have been met as described in Section 2.10 (or if LC Issuer otherwise desires to issue such Letter of Credit), LC Issuer will issue such Letter of Credit at LC Issuer's office in New York, New York. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

25

31

Section 2.12. Reimbursement and Participations.

(a) Reimbursement by Borrower. Each Matured LC Obligation shall constitute a loan by LC Issuer to Borrower. Borrower promises to pay to LC Issuer, or to LC Issuer's order, on demand, the full amount of each Matured LC Obligation, unless funded under Section 2.12(b) hereof, together with interest thereon at the Default Rate.

(b) Revolving Credit Loans Upon Letter of Credit Drawings. If the beneficiary of any Letter of Credit makes a draft or other demand for payment thereunder, then Borrower shall be deemed to have requested Revolving Credit Lenders to make Revolving Credit Loans to Borrower on the date such draft or demand is to be paid in the amount of such draft or demand. If all conditions precedent to such Revolving Credit Loans shall be satisfied as of the date on which such Revolving Credit Loans are to be made, Revolving Credit Lenders shall make such Revolving Credit Loans pursuant to Section 2.1(a) concurrently with LC Issuer's payment of such draft or demand, and such Revolving Credit Loans shall be immediately used by LC Issuer to repay the amount of the resulting Matured LC Obligation. For the purposes of the first sentence of Section 2.1 the amount of such Revolving Credit Loans shall be considered but the amount of the Matured LC Obligation to be concurrently paid by such Revolving Credit Loans shall not be considered.

(c) Participation by Revolving Credit Lenders. LC Issuer irrevocably agrees to grant and hereby grants to each Revolving Credit Lender, and -- to induce LC Issuer to issue Letters of Credit hereunder -- each Revolving Credit Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from LC Issuer, on the terms and conditions hereinafter stated and for such Revolving Credit Lender's own account and risk an undivided interest equal to such Revolving Credit Lender's Revolving Credit Lender's Revolving Credit Percentage Share of LC Issuer's obligations and rights under each Letter of Credit issued hereunder and the amount of each Matured LC Obligation paid by LC Issuer thereunder. Each Revolving Credit Lender unconditionally and irrevocably agrees with LC Issuer that, if a Matured LC Obligation is paid under any Letter of Credit for which LC Issuer is not reimbursed in full by Borrower in accordance with the terms of this Agreement and the related LC Application (including any reimbursement by means of concurrent Revolving Credit Loans or by the application of LC Collateral), such Revolving Credit Lender shall (in all circumstances and without set-off or counterclaim) pay to LC Issuer on demand, in immediately available funds at LC Issuer's address for notices hereunder, such Revolving Credit Lender's Revolving Credit Percentage Share of such Matured LC Obligation (or any portion thereof which has not been reimbursed by Borrower). Each Revolving Credit Lender's obligation to pay LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Revolving Credit Lender to LC Issuer pursuant to this subsection is paid by such Revolving Credit Lender to LC Issuer within three Business Days after the date such payment

is due, LC Issuer shall in addition to such amount be entitled to recover from such Revolving Credit Lender, on demand, interest thereon calculated from such due date at the Federal Funds Rate. If any amount required to be paid by any Revolving Credit Lender to LC Issuer pursuant to this subsection is not paid by such Revolving Credit Lender to LC Issuer within three Business Days after the date such payment is due, LC Issuer shall in addition to such amount be entitled to recover from such Revolving Credit Lender, on demand, interest thereon calculated from such due date at the Default Rate.

(d) Distributions to Participants. Whenever LC Issuer has in accordance with this section received from any Revolving Credit Lender payment of such Revolving Credit Lender's Revolving Credit Percentage Share of any Matured LC Obligation, if LC Issuer thereafter receives any payment of such Matured LC Obligation or any payment of interest thereon (whether directly from Borrower or by application of LC Collateral or otherwise, and excluding only interest for any period prior to LC Issuer's demand that such Revolving Credit Lender make such payment of its Revolving Credit Percentage Share), LC Issuer will distribute to such Revolving Credit Lender its Revolving Credit Percentage Share of the amounts so received by LC Issuer; provided, however, that if any such payment received by LC Issuer must thereafter be returned by LC Issuer, such Revolving Credit Lender shall return to LC Issuer the portion thereof which LC Issuer has previously distributed to it.

(e) Calculations. A written advice setting forth in reasonable detail the amounts owing under this section, submitted by LC Issuer to Borrower or any Revolving Credit Lender from time to time, shall be conclusive, absent demonstrable error, as to the amounts thereof.

Section 2.13. Letter of Credit Fees. In consideration of LC Issuer's issuance of any Letter of Credit, Borrower agrees to pay to Agent, for the account of all Revolving Credit Lenders in accordance with their respective Revolving Credit Percentage Shares, a letter of credit issuance fee at a rate equal to the lesser of (a) one and one-half percent (1.5%) per annum and (b) the Eurodollar Rate Margin per annum; provided that such fee shall not be less than \$500. Each such fee will be calculated based on the term and face amount of such Letter of Credit and the above applicable rate and will be payable quarterly in arrears. In addition, Borrower will pay to LC Issuer a minimum administrative issuance fee of \$100 for each Letter of Credit and an administrative drawing fee of \$300 upon any drawing under a Letter of Credit.

Section 2.14. No Duty to Inquire.

(a) Drafts and Demands. LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance of payment or thereafter. LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. Borrower agrees to hold LC Issuer and each other Bank Party harmless and indemnified against any liability or claim in connection with or arising out of the subject matter of this section, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY

BANK PARTY, provided only that no Bank Party shall be entitled to

indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct.

(b) Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of any Restricted Person, or if the amount of any Letter of Credit is increased at the request of any Restricted Person, this Agreement shall be binding upon all Restricted Persons with respect to such Letter of Credit as so extended, increased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by LC Issuer, LC Issuer's correspondents, or any Bank Party in accordance with such extension, increase or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by LC Issuer to any purported transferee or transferees as determined by LC Issuer is hereby authorized and approved, and Borrower further agrees to hold LC Issuer and each other Bank Party harmless and indemnified against any liability or claim in connection with or arising out of the foregoing, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY BANK PARTY, provided only that no Bank Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct.

Section 2.15. LC Collateral.

(a) LC Obligations in Excess of Borrowing Base. If, after the making of all mandatory prepayments required under Section 2.7(a), the outstanding LC Obligations will exceed the Borrowing Base, then in addition to prepayment of the entire principal balance of the Revolving Credit Loans Borrower will immediately pay to LC Issuer an amount equal to such excess. LC Issuer will hold such amount as security for the remaining LC Obligations (all such amounts held as security for LC Obligations being herein collectively called "LC Collateral") until such LC Obligations become Matured LC Obligations, at which time such LC Collateral may be applied to such Matured LC Obligations. So long as no Default has occurred and is continuing, if such LC Obligations shall expire or otherwise terminate without a drawing or other demand for payment, or if the Borrowing Base shall increase such that the Borrowing Base exceeds the Revolving Credit Facility Usage, LC Collateral in an amount equal to such expired or terminated and undrawn LC Obligation shall be returned to Borrower. Neither this subsection nor the following subsection shall, however, limit or impair any rights which LC Issuer may have under any other document or agreement relating to any Letter of

Credit or LC Obligation, including any LC Application, or any rights which any Bank Party may have to otherwise apply any payments by Borrower and any LC Collateral under Section 3.1.

(b) Acceleration of LC Obligations. If the Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, all LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and Borrower shall be obligated to pay to LC Issuer immediately an amount equal to the aggregate LC Obligations which are then outstanding. All amounts so paid shall first be applied to Matured LC Obligations and then held by LC Issuer as LC Collateral until such LC Obligations become Matured LC Obligations, at which time such LC Collateral shall be applied to such Matured LC Obligations.

(c) Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by LC Issuer in such investments as LC Issuer may choose in its sole discretion. All interest on such investments shall be

reinvested or applied to Matured LC Obligations. When all Obligations have been satisfied in full, including all LC Obligations, all Letters of Credit have expired or been terminated, and all of Borrower's reimbursement obligations in connection therewith have been satisfied in full, LC Issuer shall release any remaining LC Collateral. Borrower hereby assigns and grants to LC Issuer a continuing security interest in all LC Collateral paid by it to LC Issuer, all investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured LC Obligations and its Obligations under this Agreement, the Note, and the other Loan Documents, and Borrower agrees that such LC Collateral and investments shall be subject to all of the terms and conditions of the Security Documents. Borrower further agrees that LC Issuer shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of New York with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest.

(d) Payment of LC Collateral. When Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, LC Issuer may without notice to Borrower or any other Restricted Person provide such LC Collateral (whether by application of proceeds of other Collateral, by transfers from other accounts maintained with LC Issuer, or otherwise) using any available funds of Borrower or any other Person also liable to make such payments. Any such amounts which are required to be provided as LC Collateral and which are not provided on the date required shall, for purposes of each Security Document, be considered past due Obligations owing hereunder, and LC Issuer is hereby authorized to exercise its respective rights under each Security Document to obtain such amounts.

Section 2.16. Hedging Agreement Indemnity. From time to time ING Capital may provide an indemnity or other credit support on behalf of Restricted Persons to AIG Trading Corporation, whereby ING Capital agrees to pay the obligations of such Restricted Person arising from time to time under a Hedging Agreement (a "Hedging Agreement Indemnity"). In consideration thereof, Borrower hereby promises and agrees to pay to ING Capital each amount which ING Capital is called upon to pay on behalf of or for the benefit of such

Restricted Person under a Hedging Agreement Indemnity. Borrower shall pay each such amount, immediately upon demand, in legal tender of the United States in same day funds. Such promise and agreement of Borrower is irrevocable and unconditional. ING Capital is authorized and instructed to pay all demands for payment under any such Hedging Agreement Indemnity after exercising reasonable care to determine whether such demand or the amount thereof is correct. Borrower hereby promises to pay to ING Capital, on demand, interest at the Default Rate on any amount payable by Borrower under this section from the date such amounts become due until they are paid. Borrower may enter into a separate Reimbursement Agreement governing such promise and agreement of Borrower to pay to ING Capital each amount which ING Capital is called upon to pay on behalf of or for the benefit of such Restricted Person under a Hedging Agreement Indemnity. Notwithstanding the existence of any such separate Reimbursement Agreement, the obligation of Borrower described in this section shall be an "Obligation" arising under this Agreement and shall be secured by and entitled to the benefit of all Security Documents, whether or not the Security Documents specifically describe such separate Reimbursement Agreement or the obligations of Borrower under this section. Each payment under a Hedging Agreement Indemnity (whether in response to a demand for payment or otherwise) shall constitute a loan by ING Capital and shall be secured by and entitled to all benefits under the Security Documents.

ARTICLE III - Payments to Lenders

Section 3.1. General Procedures. Borrower will make each payment which it owes under the Loan Documents to Agent for the account of the Bank Party to whom such payment is owed. Each such payment must be received by Agent not later than 11:00 a.m., New York, New York time, on the date such payment becomes due and payable, in lawful money of the United States of America, without set-off, deduction or counterclaim, and in immediately available funds. Any payment received by Agent after such time will be deemed to have been made

on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Loan Document under which such payment is due. Each payment under a Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of Agent's Note. When Agent collects or receives money on account of the Obligations, Agent shall distribute all money so collected or received, and each Bank Party shall apply all such money so distributed, as follows:

(a) first, for the payment of all Obligations of any kind which are then due (and if such money is insufficient to pay all such Obligations, first to any reimbursements due Agent under Section 6.9 or 10.4 and then to the partial payment of all other Obligations then due in proportion to the amounts thereof, or as Bank Parties shall otherwise agree);

30

36

(b) then for the prepayment of amounts owing under the Loan Documents (other than principal on the Notes) if so specified by Borrower;

(c) then for the prepayment of principal on the Notes (either the Term Notes, the Revolver Notes, or all, as specified by Borrower), together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other Obligations.

All payments applied to principal or interest on any Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Sections 2.6 and 2.7. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by Agent pro rata to each Bank Party then owed Obligations described in such subsection in proportion to all amounts owed to all Bank Parties which are described in such subsection; provided that if any Lender then owes payments to LC Issuer for the purchase of a participation under Section 2.12(c) hereof, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to LC Issuer, to the extent of such unpaid payments, and Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

Section 3.2. Capital Reimbursement. If either (a) the introduction or implementation of or the compliance with or any change in or in the interpretation of any Law, or (b) the introduction or implementation of or the compliance with any request, directive or guideline from any central bank or other governmental authority (whether or not having the force of Law) affects or would affect the amount of capital required or expected to be maintained by any Bank Party or any corporation controlling any Bank Party, then, upon demand by such Bank Party, Borrower will pay to Agent for the benefit of such Bank Party, from time to time as specified by such Bank Party, such additional amount or amounts which such Bank Party shall determine to be appropriate to compensate such Bank Party or any corporation controlling such Bank Party in light of such circumstances, to the extent that such Bank Party reasonably determines that the amount of any such capital would be increased or the rate of return on any such capital would be reduced by or in whole or in part based on the existence of the face amount of such Bank Party's Loans, Letters of Credit, participations in Letters of Credit or commitments under this Agreement.

Section 3.3. Increased Cost of Eurodollar Loans or Letters of Credit. If after the date hereof any applicable Law (whether now in effect or hereinafter enacted or promulgated, including Regulation D) or any

interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of Law):

(a) shall change the basis of taxation of payments to any Bank Party of any principal, interest, or other amounts attributable to any Eurodollar Loan or Letter of Credit or otherwise due under this Agreement in respect of any Eurodollar Loan or Letter of Credit (other than taxes imposed on the overall net income of such Bank Party

31

37

or any lending office of such Bank Party by any jurisdiction in which such Bank Party or any such lending office is located); or

(b) shall change, impose, modify, apply or deem applicable any reserve, special deposit or similar requirements in respect of any Eurodollar Loan or any Letter of Credit (excluding those for which such Bank Party is fully compensated pursuant to adjustments made in the definition of Eurodollar Rate) or against assets of, deposits with or for the account of, or credit extended by, such Bank Party; or

(c) shall impose on any Bank Party or the interbank eurocurrency deposit market any other condition affecting any Eurodollar Loan or Letter of Credit, the result of which is to increase the cost to any Bank Party of funding or maintaining any Eurodollar Loan or of issuing any Letter of Credit or to reduce the amount of any sum receivable by any Bank Party in respect of any Eurodollar Loan or Letter of Credit by an amount deemed by such Bank Party to be material,

then such Bank Party shall promptly notify Agent and Borrower in writing of the happening of such event and of the amount required to compensate such Bank Party for such event (on an after-tax basis, taking into account any taxes on such compensation), whereupon (i) Borrower shall pay such amount to Agent for the account of such Bank Party and (ii) Borrower may elect, by giving to Agent and such Bank Party not less than three Business Days' notice, to convert all (but not less than all) of any such Eurodollar Loans into Base Rate Loans. Notwithstanding anything herein to the contrary, Borrower shall not be required to reimburse any such Bank Party for any such increased costs incurred more than 90 days prior to such Bank Party's notice thereof.

Section 3.4. Availability. If (a) any change in applicable Laws, or in the interpretation or administration thereof of or in any jurisdiction whatsoever, domestic or foreign, shall make it unlawful or impracticable for any Bank Party to fund or maintain Eurodollar Loans or to issue or participate in Letters of Credit, or shall materially restrict the authority of any Bank Party to purchase or take offshore deposits of dollars (i.e., "eurodollars"), or (b) any Bank Party determines that matching deposits appropriate to fund or maintain any Eurodollar Loan are not available to it, or (c) any Bank Party determines that the formula for calculating the Eurodollar Rate does not fairly reflect the cost to such Bank Party of making or maintaining loans based on such rate, then, upon notice by such Bank Party to Borrower and Agent, Borrower's right to elect Eurodollar Loans from such Bank Party (or, if applicable, to obtain Letters of Credit) shall be suspended to the extent and for the duration of such illegality, impracticability or restriction and all Eurodollar Loans of such Bank Party which are then outstanding or are then the subject of any Borrowing Notice and which cannot lawfully or practicably be maintained or funded shall immediately become or remain, or shall be funded as, Base Rate Loans of such Bank Party. Borrower agrees to indemnify each Bank Party and hold it harmless against all costs, expenses, claims, penalties, liabilities and damages which may result from any such change in Law, interpretation or administration. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

32

Section 3.5. Funding Losses. In addition to its other obligations hereunder, Borrower will indemnify each Bank Party against, and reimburse each Bank Party on demand for, any loss or expense incurred or sustained by such Bank Party (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by a Bank Party to fund or maintain Eurodollar Loans), as a result of (a) any payment or prepayment (whether authorized or required hereunder or otherwise) of all or a portion of a Eurodollar Loan on a day other than the day on which the applicable Interest Period ends, (b) any payment or prepayment, whether required hereunder or otherwise, of a Loan made after the delivery, but before the effective date, of a Continuation/Conversion Notice, if such payment or prepayment prevents such Continuation/Conversion Notice from becoming fully effective, (c) the failure of any Loan to be made or of any Continuation/Conversion Notice to become effective due to any condition precedent not being satisfied or due to any other action or inaction of any Restricted Person, or (d) any conversion (whether authorized or required hereunder or otherwise) of all or any portion of any Eurodollar Loan into a Base Rate Loan or into a different Eurodollar Loan on a day other than the day on which the applicable Interest Period ends. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

Section 3.6. Reimbursable Taxes. Borrower covenants and agrees that:

(a) Borrower will indemnify each Bank Party against and reimburse each Bank Party for all present and future income, stamp and other taxes, levies, costs and charges whatsoever imposed, assessed, levied or collected on or in respect of this Agreement or any Eurodollar Loans or Letters of Credit (whether or not legally or correctly imposed, assessed, levied or collected), excluding, however, any taxes imposed on or measured by the overall net income of Agent or such Bank Party or any lending office of such Bank Party by any jurisdiction in which such Bank Party or any such lending office is located (all such non-excluded taxes, levies, costs and charges being collectively called "Reimbursable Taxes" in this section). Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

(b) All payments on account of the principal of, and interest on, each Bank Party's Loans and Note, and all other amounts payable by Borrower to any Bank Party hereunder, shall be made in full without set-off or counterclaim and shall be made free and clear of and without deductions or withholdings of any nature by reason of any Reimbursable Taxes, all of which will be for the account of Borrower. In the event of Borrower being compelled by Law to make any such deduction or withholding from any payment to any Bank Party, Borrower shall pay on the due date of such payment, by way of additional interest, such additional amounts as are needed to cause the amount receivable by such Bank Party after such deduction or withholding to equal the amount which would have been receivable in the absence of such deduction or withholding. If Borrower should make any deduction or withholding as aforesaid, Borrower shall within 60 days thereafter forward to such Bank Party an official receipt or other official document evidencing payment of such deduction or withholding.

33

(c) If Borrower is ever required to pay any Reimbursable Tax with respect to any Eurodollar Loan, Borrower may elect, by giving to Agent and such Bank Party not less than three Business Days' notice, to convert all (but not less than all) of any such Eurodollar Loan into a Base Rate Loan, but such election shall not diminish Borrower's obligation to pay all Reimbursable Taxes.

(d) Notwithstanding the foregoing provisions of this section, Borrower shall be entitled, to the extent it is required to do so by Law, to deduct or withhold (and not to make any indemnification or

reimbursement for) income or other similar taxes imposed by the United States of America (other than any portion thereof attributable to a change in federal income tax Laws effected after the date hereof) from interest, fees or other amounts payable hereunder for the account of any Bank Party, other than a Bank Party (i) who is a U.S. person for Federal income tax purposes or (ii) who has the Prescribed Forms on file with Agent (with copies provided to Borrower) for the applicable year to the extent deduction or withholding of such taxes is not required as a result of the filing of such Prescribed Forms, provided that if Borrower shall so deduct or withhold any such taxes, it shall provide a statement to Agent and such Bank Party, setting forth the amount of such taxes so deducted or withheld, the applicable rate and any other information or documentation which such Bank Party may reasonably request for assisting such Bank Party to obtain any allowable credits or deductions for the taxes so deducted or withheld in the jurisdiction or jurisdictions in which such Bank Party is subject to tax. As used in this section, "Prescribed Forms" means such duly executed forms or statements, and in such number of copies, which may, from time to time, be prescribed by Law and which, pursuant to applicable provisions of (x) an income tax treaty between the United States and the country of residence of the Bank Party providing the forms or statements, (y) the Internal Revenue Code of 1986, as amended from time to time, or (z) any applicable rules or regulations thereunder, permit Borrower to make payments hereunder for the account of such Bank Party free of such deduction or withholding of income or similar taxes.

Section 3.7. Change of Applicable Lending Office. Each Bank Party agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.2 through 3.6 with respect to such Bank Party, it will, if requested by Borrower, use reasonable efforts (subject to overall policy considerations of such Bank Party) to designate another Lending Office, provided that such designation is made on such terms that such Bank Party and its Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such section. Nothing in this section shall affect or postpone any of the obligations of Borrower or the rights of any Bank Party provided in Sections 3.2 through 3.6.

Section 3.8. Replacement of Lenders. If any Bank Party seeks reimbursement for increased costs under Sections 3.2 through 3.6, then within ninety days thereafter -- provided no Event of Default then exists -- Borrower shall have the right (unless such Bank Party withdraws its request for additional compensation) to replace such Bank Party by requiring such Bank Party to assign its Loans and Notes and its commitments hereunder to an Eligible

Transferee reasonably acceptable to Agent and to Borrower, provided that: (i) all Obligations of Borrower owing to such Bank Party being replaced (including such increased costs, but excluding principal and accrued interest on the Notes being assigned) shall be paid in full to such Bank Party concurrently with such assignment, and (ii) the replacement Eligible Transferee shall purchase the Note being assigned by paying to such Bank Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment Borrower, Agent, such Bank Party and the replacement Eligible Transferee shall otherwise comply with Section 10.5. Notwithstanding the foregoing rights of Borrower under this section, however, Borrower may not replace any Bank Party which seeks reimbursement for increased costs under Section 3.2 through 3.6 unless Borrower is at the same time replacing all Bank Parties which are then seeking such compensation.

ARTICLE IV - Conditions Precedent to Lending

Section 4.1. Documents to be Delivered. No Lender has any obligation to make its first Loan, and LC Issuer has no obligation to issue the first Letter of Credit unless Agent shall have received all of the following, at Agent's office in New York, New York, duly executed and delivered and in form, substance and date satisfactory to Agent:

(a) This Agreement and any other documents that Lenders are to execute in connection herewith.

(b) Each Note.

(c) Each Security Document listed in the Security Schedule (other than those specified "to be delivered post-merger").

(d) Certain certificates of Borrower including:

(i) An "Omnibus Certificate" of the Vice President - Controller and the Secretary or Assistant Secretary of Borrower, which shall contain the names and signatures of the officers of Borrower authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: (1) a copy of resolutions duly adopted by the Board of Directors of Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (2) a copy of the charter documents of Borrower and all amendments thereto, certified by the appropriate official of Borrower's state of organization, and (3) a copy of any bylaws of Borrower; and

(ii) A "Compliance Certificate" of the Vice President - Operations and the Vice President - Controller of Borrower, of even date with such Loan or

35

41

such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a), (b), (c) and (d) of Section 4.3.

(iii) A "Solvency Certificate" of the Vice President - Controller of Borrower, of even date with such Loan or Letter of Credit, in which such officer certifies Borrower's solvency.

(e) A certificate (or certificates) of the due formation, valid existence and good standing of Borrower in its state of organization, issued by the appropriate authorities of such jurisdiction, and certificates of Borrower's good standing and due qualification to do business, issued by appropriate officials in any states in which Borrower owns property subject to Security Documents.

(f) Documents similar to those specified in subsections (d)(i) and (iii) and (e) of this section with respect to each Guarantor and the execution by it of its guaranty of Borrower's Obligations.

(g) A favorable opinion of Gerald R. Shrader, general counsel for Restricted Persons, substantially in the form set forth in Exhibit I.

(h) The Initial Engineering Report and the Initial Financial Statements.

(i) Certificates or binders evidencing Borrower's and its Subsidiaries' insurance in effect on the date hereof.

(j) A favorable Phase One environmental report of Pilko & Associates, Inc. regarding their environmental assessment of the material properties of Restricted Persons and any other properties constituting Collateral, in scope and results acceptable to Agent.

(k) Binding commitments for title insurance policies covering

each Plant.

(l) Copies of all rights-of-way and permits regarding the Stand-Alone Gathering Systems.

(m) A favorable report of Agent's professional insurance consultants regarding their assessment of the insurance maintained by Borrower and its Subsidiaries, in scope and results acceptable to Agent.

(n) A copy of each Acquisition Document, duly executed and delivered by each party thereto.

(o) Payment of (i) all commitment, facility, agency and other fees required to be paid to any Bank Party pursuant to any Loan Documents or any commitment agreement heretofore entered into, including without limitation attorney's fees of

36

42

Thompson & Knight, P.C., counsel for Agent, (ii) any fees under Section 2.5 of the Original Agreement which have accrued through the date of the Assignment and Acceptance Agreements described in subsection (p) below, and (iii) any fees which would be owing to the lenders under the Original Agreement (other than ING Capital) pursuant to Sections 3.2 through 3.6 thereof if the loans of such lenders thereunder were being voluntarily prepaid rather than assigned to ING Capital.

(p) Assignment and Assumption Agreements between ING Capital and each lender under the Original Agreement, pursuant to which such lenders are assigning to ING Capital all of their rights, titles and interests under the Original Agreement, and (ii) the original promissory notes issued to such lenders pursuant thereto, endorsed payable to the order of ING Capital.

Section 4.2. Closing of Acquisition; Post-Closing Merger of Taurus LP and C/T Acquisition. Contemporaneously with the Term Loans hereunder, Borrower shall have consummated the transactions contemplated under the Acquisition Documents, in form and substance satisfactory to Agent. Immediately following the consummation of the transactions contemplated under the Acquisition Documents, Taurus LP shall be merged with C/T Acquisition, with Taurus LP as the surviving entity, and the Security Documents listed on the Security Schedule "to be delivered post-merger" shall be duly executed and delivered by Taurus LP to Agent, in form, substance and date satisfactory to Agent, at Agent's office in New York, New York.

Section 4.3. Additional Conditions Precedent. No Lender has any obligation to make any Loan (including its first), and LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any Loan Document shall be true on and as of the date of such Loan or the date of issuance of such Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such Loan or the date of issuance of such Letter of Credit.

(b) No Default shall exist at the date of such Loan or the date of issuance of such Letter of Credit; provided, that no Revolving Credit Lender has any obligation to make any Revolving Credit Loan if a Default shall have occurred and shall have been waived by Majority Lenders unless Revolving Credit Lenders whose aggregate Revolving Credit Percentage Shares equal or exceed sixty-six and two-thirds percent (662/3%) shall have waived such Default.

(c) No Material Adverse Change shall have occurred to, and no event or circumstance shall have occurred that could cause a Material

(d) Each Restricted Person shall have performed and complied with all agreements and conditions required in the Loan Documents to be performed or complied with by it on or prior to the date of such Loan or the date of issuance of such Letter of Credit.

(e) The making of such Loan or the issuance of such Letter of Credit shall not be prohibited by any Law and shall not subject any Lender or any LC Issuer to any penalty or other onerous condition under or pursuant to any such Law.

(f) Agent shall have received all documents and instruments which Agent has then reasonably requested, in addition to those described in Section 4.1 (including opinions of legal counsel for Restricted Persons and Agent; corporate documents and records; documents evidencing governmental authorizations, consents, approvals, licenses and exemptions; and certificates of public officials and of officers and representatives of Borrower and other Persons), as to (i) the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in this Agreement and the other Loan Documents, (ii) the satisfaction of all conditions contained herein or therein, and (iii) all other matters pertaining hereto and thereto. All such additional documents and instruments shall be satisfactory to Agent in form, substance and date.

(g) Borrower shall, prior to the making of the first Loan (or using the proceeds thereof), have deposited \$5,000 with Thompson & Knight, P.C., counsel for Agent, to be held by such counsel and applied toward payment of costs and expenses for recordation of the Security Documents, as provided pursuant to Section 10.4(a). If such deposit exceeds the amount of such costs and expenses, the excess shall be returned to Borrower (or applied toward such counsel's legal fees). If such deposit is less than such costs and expenses, the deficit shall be paid by Borrower pursuant to Section 10.4(a).

ARTICLE V - Representations and Warranties

To confirm each Bank Party's understanding concerning Borrower's and its Subsidiaries' businesses, properties and obligations and to induce each Bank Party to enter into this Agreement and to extend credit hereunder, Borrower represents and warrants to each Bank Party that:

Section 5.1. No Default. No Restricted Person is in default in the performance of any of the covenants and agreements contained in any Loan Document. No event has occurred and is continuing which constitutes a Default.

Section 5.2. Organization and Good Standing. Borrower and each of its Subsidiaries is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Restricted Person is duly qualified, in good

standing, and authorized to do business in all other jurisdictions within the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary. Each Restricted Person has taken all actions and procedures customarily taken

in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures desirable.

Section 5.3. Authorization. Each Restricted Person has duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Borrower is duly authorized to borrow funds hereunder.

Section 5.4. No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not (i) conflict with any provision of (1) any Law, (2) the organizational documents of any Restricted Person, or (3) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, (ii) result in the acceleration of any Indebtedness owed by any Restricted Person, or (iii) result in or require the creation of any Lien upon any assets or properties of any Restricted Person except as expressly contemplated in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents.

Section 5.5. Enforceable Obligations. This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

Section 5.6. Initial Financial Statements. Borrower has heretofore delivered to each Bank Party true, correct and complete copies of the Initial Financial Statements. The Initial Financial Statements fairly present Borrower's Consolidated financial position at the respective dates thereof and the Consolidated results of Borrower's operations and Borrower's Consolidated cash flows for the respective periods thereof. Since the date of the annual Initial Financial Statements no Material Adverse Change has occurred, except as reflected in the quarterly Initial Financial Statements or in the Disclosure Schedule. All Initial Financial Statements were prepared in accordance with GAAP.

Section 5.7. Other Obligations and Restrictions. Neither Borrower nor any of its Subsidiaries has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which is, in the aggregate,

39

45

material to Borrower or material with respect to Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule or a Disclosure Report. Except as shown in the Initial Financial Statements or disclosed in the Disclosure Schedule or a Disclosure Report, neither Borrower nor any of its Subsidiaries is subject to or restricted by any franchise, contract, deed, charter restriction, or other instrument or restriction which could cause a Material Adverse Change.

Section 5.8. Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by Borrower or any of its Subsidiaries to any Bank Party in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to Borrower or any of its Subsidiaries (other than industry-wide risks normally associated with the types of businesses conducted by Borrower and its Subsidiaries) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made. There is no fact known to Borrower or any of its Subsidiaries (other than industry-wide risks normally

associated with the types of businesses conducted by Borrower and its Subsidiaries) that has not been disclosed to each Bank Party in writing which could cause a Material Adverse Change. There are no statements or conclusions in any Engineering Report which are based upon or include misleading information or fail to take into account material information regarding the matters reported therein, it being understood that each Engineering Report is necessarily based upon professional opinions, estimates and projections and that Borrower does not warrant that such opinions, estimates and projections will ultimately prove to have been accurate. Borrower has heretofore delivered to each Bank Party true, correct and complete copies of the Initial Engineering Report.

Section 5.9. Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule: (i) there are no actions, suits or legal, equitable, arbitratative or administrative proceedings pending, or to the knowledge of Borrower or any of its Subsidiaries threatened, against Borrower or any of its Subsidiaries before any Tribunal which could cause a Material Adverse Change, and (ii) there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against Borrower or any of its Subsidiaries, or any of their stockholders, partners, directors or officers, which could cause a Material Adverse Change.

Section 5.10. Labor Disputes and Acts of God. Except as disclosed in the Disclosure Schedule or a Disclosure Report, neither the business nor the properties of Borrower or any of its Subsidiaries has been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could cause a Material Adverse Change.

Section 5.11. ERISA Plans and Liabilities. All currently existing ERISA Plans are listed in the Disclosure Schedule or a Disclosure Report. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule or a Disclosure Report, no Termination Event has occurred with respect to any ERISA Plan and all ERISA Affiliates are in compliance

40

46

with ERISA in all material respects. No ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure Schedule or a Disclosure Report: (i) no "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and (ii) the current value of each ERISA Plan's benefits does not exceed the current value of such ERISA Plan's assets available for the payment of such benefits by more than \$500,000.

Section 5.12. Environmental and Other Laws. As used in this section: "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, "CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System List of the Environmental Protection Agency, and "Release" has the meaning given such term in 42 U.S.C. Section 9601(22). Except as set forth in the Disclosure Schedule or a Disclosure Report:

(a) Borrower and each of its Subsidiaries are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have all permits, licenses and authorizations required in connection with the conduct of their businesses. Borrower and each of its Subsidiaries are in compliance with the terms and conditions of all such permits, licenses and authorizations, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply in either such case could not cause a Material Adverse Change.

(b) No notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed, and no investigation or review is pending (or, to the best knowledge of Borrower and its Subsidiaries, threatened) by any

Tribunal or any other Person with respect to (i) any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials, either by Borrower or any of its Subsidiaries or on any property owned by Borrower or any of its Subsidiaries, (ii) any material remedial action which might be needed to respond to any such alleged generation, treatment, storage, recycling, transportation, disposal, or Release, or (iii) any alleged failure by Borrower or any of its Subsidiaries to have any permit, license or authorization required in connection with the conduct of its business or with respect to any such generation, treatment, storage, recycling, transportation, disposal, or Release.

(c) Neither Borrower nor any of its Subsidiaries otherwise has any known material contingent liability in connection with any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials.

(d) Neither Borrower nor any of its Subsidiaries has handled any Hazardous Materials, other than as a generator, on any properties now or previously owned or leased by Borrower

41

47

or any of its Subsidiaries to an extent that such handling has caused, or could cause, a Material Adverse Change; and

- (i) to the best knowledge of Borrower after due inquiry, no PCBs are or have been present at any properties now or previously owned or leased by Borrower or any of its Subsidiaries to an extent that such PCBs have caused, or could cause, a material liability to Borrower or any of its Subsidiaries;
- (ii) to the best knowledge of Borrower after due inquiry, no asbestos is or has been present at any properties now or previously owned or leased by Borrower or any of its Subsidiaries to an extent that such asbestos has caused, or could cause, a material liability to Borrower or any of its Subsidiaries;
- (iii) to the best knowledge of Borrower after due inquiry, there are no underground storage tanks for Hazardous Materials, active or abandoned, at any properties now or previously owned or leased by Borrower or any of its Subsidiaries that have caused, or could cause, a material liability to Borrower or any of its Subsidiaries;
- (iv) to the best knowledge of Borrower after due inquiry, no Hazardous Materials have been Released, in a reportable quantity, where such a quantity has been established by statute, ordinance, rule, regulation or order, at, on or under any properties now or previously owned or leased by Borrower or any of its Subsidiaries to an extent that such Release has caused, or could cause, a material liability to Borrower or any of its Subsidiaries;
- (v) to the best knowledge of Borrower after due inquiry, no Hazardous Materials have been otherwise Released at, on or under any properties now or previously owned or leased by Borrower or any of its Subsidiaries to an extent that such release has caused, or could cause, a Material Adverse Change.

In determining whether a representation or warranty contained in the foregoing clauses (i) through (v) is "false or incorrect in any material respect" on any date on or as of which made (including the date as of which such representation or warranty is initially made or may thereafter be restated) for purposes of Section 8.1(f) hereof, such representation and warranty shall be read solely for such purpose and no other, as if the qualification "to the best knowledge of Borrower after due inquiry" was deleted.

(e) Neither Borrower nor any of its Subsidiaries has transported or arranged for the transportation of any Hazardous Material to any location which is listed on the National Priorities List under CERCLA, listed for possible

inclusion on the National Priorities List by the Environmental Protection Agency in CERCLIS, or listed on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to claims against Borrower or any of its Subsidiaries for clean-up costs, remedial work,

42

48

damages to natural resources or for personal injury claims, including, but not limited to, claims under CERCLA.

(f) No Hazardous Material generated by Borrower or any of its Subsidiaries has been recycled, treated, stored, disposed of or released by Borrower or any of its Subsidiaries at any location other than those listed in Disclosure Schedule.

(g) No oral or written notification of a Release of a Hazardous Material has been filed by or on behalf of Borrower or any of its Subsidiaries (and to the best knowledge of Borrower, no such notification has been filed with respect to Borrower or any of its Subsidiaries by any other Person), and no property now or previously owned or leased by Borrower or any of its Subsidiaries is listed or proposed for listing on the National Priority list promulgated pursuant to CERCLA, in CERCLIS, or on any similar state list of sites requiring investigation or clean-up.

(h) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by Borrower or any of its Subsidiaries, and no government actions have been taken (or, to the best knowledge of Borrower and its Subsidiaries are in process) which could subject any of such properties to such Liens; nor would Borrower or any of its Subsidiaries be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(i) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of Borrower or any of its Subsidiaries in relation to any properties or facility now or previously owned or leased by Borrower or any of its Subsidiaries which have not been made available to Agent.

Section 5.13. Names and Places of Business. No Restricted Person has, during the preceding five years, had, been known by, or used any other trade or fictitious name, except as disclosed in the Disclosure Schedule. Except as otherwise indicated in the Disclosure Schedule or a Disclosure Report, the chief executive office and principal place of business of each Restricted Person are (and for the preceding five years have been) located at the address of Borrower set out in Section 10.3. Except as indicated in the Disclosure Schedule or a Disclosure Report, no Restricted Person has any other office or place of business.

Section 5.14. Borrower's Subsidiaries. Borrower does not presently have any Subsidiary or own any stock in any other corporation or association except those listed in the Disclosure Schedule or a Disclosure Report. Neither Borrower nor any Restricted Person is a member of any general or limited partnership, joint venture or association of any type whatsoever except those listed in the Disclosure Schedule or a Disclosure Report. Except as otherwise revealed in a Disclosure Report, Borrower owns, directly or indirectly, the equity interest in each of its Subsidiaries which is indicated in the Disclosure Schedule.

43

49

Section 5.15. Title to Properties; Licenses. Borrower and each of its Subsidiaries has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in its business. Borrower and each of its Subsidiaries possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property without violation of the rights of any other Person) which are reasonably

necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter, and neither Borrower nor any of its Subsidiaries is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property.

Section 5.16. Government Regulation. Neither Borrower nor any other Restricted Person owing Obligations is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law which regulates the incurring by such Person of Indebtedness, including Laws relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services.

ARTICLE VI - Affirmative Covenants of Borrower

To conform with the terms and conditions under which each Bank Party is willing to have credit outstanding to Borrower, and to induce each Bank Party to enter into this Agreement and extend credit hereunder, Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Majority Lenders have previously agreed otherwise:

Section 6.1. Payment and Performance. Borrower will pay all amounts due under the Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the Loan Documents. Borrower will cause each of its Subsidiaries to observe, perform and comply with every such term, covenant and condition.

Section 6.2. Books, Financial Statements and Reports. Borrower and each of its Subsidiaries will at all times maintain full and accurate books of account and records. Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish the following statements and reports to each Bank Party at Borrower's expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated and consolidating financial statements of Borrower together with all notes thereto, prepared in reasonable detail in accordance with GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by Coopers & Lybrand, L.L.P., or other independent certified public accountants selected by Borrower and acceptable to Majority Lenders, stating that such Consolidated financial statements have been so prepared; such

44

50

unqualified opinion and audit shall not include the consolidating financial statements of Borrower. These financial statements shall contain a Consolidated and consolidating balance sheet as of the end of such Fiscal Year and Consolidated and consolidating statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year Borrower will furnish a report signed by such accountants (i) stating that they have read this Agreement, (ii) containing calculations showing compliance (or non-compliance) at the end of such Fiscal Year with the requirements of Sections 7.11 through 7.14, and (iii) further stating that in making their examination and reporting on the Consolidated financial statements described above they did not conclude that any Default existed at the end of such Fiscal Year or at the time of their report, or, if they did conclude that a Default existed, specifying its nature and period of existence.

(b) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, Borrower's Consolidated and consolidating balance sheet as of the end of such Fiscal Quarter and Consolidated and consolidating statements of Borrower's earnings and cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all

in reasonable detail and prepared in accordance with GAAP, subject to changes resulting from normal year-end adjustments. In addition Borrower will, together with each such set of financial statements and each set of financial statements furnished under subsection (a) of this section, furnish a certificate in the form of Exhibit D signed by the chief financial officer of Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that he has reviewed the Loan Documents, containing calculations showing compliance (or non-compliance) at the end of such Fiscal Quarter with the requirements of Sections 7.11 through 7.14 and stating that no Default exists at the end of such Fiscal Quarter or at the time of such certificate or specifying the nature and period of existence of any such Default.

(c) By March 31 of each year, an engineering report prepared as of the immediately preceding January 1 by Lee Keeling & Associates, or other independent petroleum engineers chosen by Borrower and acceptable to Majority Lenders, concerning the Collateral and other oil and gas properties and interests which have attributable to them proved oil or gas reserves serviced by or subject to Restricted Persons' gas processing plants or pipeline gathering systems, in form and substance satisfactory to Agent, and shall contain information and analysis comparable in scope to that contained in the Initial Engineering Report. Borrower shall in addition furnish information relating the information contained in such report to each gas processing plant or pipeline gathering system.

(d) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, a business and financial plan for Borrower (in form reasonably satisfactory to Agent), prepared by a senior financial officer thereof, setting forth for the first year thereof, quarterly financial projections and budgets for Borrower, and

45

51

thereafter yearly financial projections and budgets during the Revolving Credit Commitment Period.

(e) As soon as available, and in any event within twenty-five (25) days after the end of each calendar month, a Borrowing Base Report duly completed by an authorized officer of Borrower.

(f) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, a report setting forth in detail the following:

(i) throughput pipeline volumes of Natural Gas delivered by Restricted Persons for such Fiscal Quarter in connection with, and transportation fees charged by the Restricted Persons for such Fiscal Quarter delivered through all pipeline facilities of Restricted Persons,

(ii) average daily throughput volumes and total throughput volumes of Natural Gas processed by Restricted Persons during such Fiscal Quarter, and processing fees charged by the Restricted Persons for such Fiscal Quarter, for each Plant,

(iii) total volumes of all Natural Gas liquids produced by Restricted Persons during such Fiscal Quarter, and prices and margins for all sales of Natural Gas liquid production for such Fiscal Quarter,

(iv) a list of all gathering, transportation and processing contracts of Restricted Persons effective as of the last day of such Fiscal Quarter, for each Plant and each Stand-Alone Gathering System, listing counterparty, term, volumes and fees,

(v) a detailed listing of all general and administrative expenses of Restricted Persons during such Fiscal Quarter, and

(vi) volumes, prices and margins for all marketing activities of Restricted Persons.

(g) As soon as available, and in any event within thirty (30) days after the end of each Fiscal Year, Borrower shall deliver to Agent an environmental compliance certificate signed by the president or chief executive officer of Borrower in the form attached hereto as Exhibit F. Further, if requested by Agent, Borrower shall permit and cooperate with an environmental and safety review made in connection with the operations of Borrower's oil and gas properties one time during each Fiscal Year beginning with the Fiscal Year 1997, by Pilko & Associates, Inc. or other consultants selected by Agent which review shall, if requested by Agent, be arranged and supervised by environmental legal counsel for Agent, all at Borrower's cost and

46

52

expense. The consultant shall render a verbal or written report, as specified by Agent, based upon such review at Borrower's cost and expense.

(h) Concurrently with the annual renewal of the Borrower's insurance policies, Borrower shall, if requested by Agent in writing, cause a certificate or report to be issued by Agent's professional insurance consultants or other insurance consultants satisfactory to Agent certifying that Borrower's insurance for the next succeeding year after such renewal (or for such longer period for which such insurance is in effect) complies with the provisions of this Agreement and the Security Documents.

Section 6.3. Other Information and Inspections. Borrower and each of its Subsidiaries will furnish to each Bank Party any information which Agent may from time to time reasonably request in writing concerning any covenant, provision or condition of the Transaction Documents or any matter in connection with Borrower' and its Subsidiaries' businesses and operations. Borrower and each of its Subsidiaries will permit representatives appointed by Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect during normal business hours any of such Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and Borrower and each of its Subsidiaries shall permit Agent or its representatives to investigate and verify the accuracy of the information furnished to Agent or any Lender in connection with the Transaction Documents and to discuss all such matters with its officers, employees and representatives.

Section 6.4. Notice of Material Events and Change of Address. Borrower will promptly notify each Bank Party in writing, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any Material Adverse Change,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by Borrower or any of its Subsidiaries or of any default by Borrower or any of its Subsidiaries under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such acceleration or default could cause a Material Adverse Change,

(d) the occurrence of any Termination Event,

(e) any claim of \$500,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against Borrower or any of its Subsidiaries or with respect to Borrower's or any Subsidiaries' properties, and

53

(f) the filing of any suit or proceeding against Borrower or any of its Subsidiaries in which an adverse decision could cause a Material Adverse Change.

Upon the occurrence of any of the foregoing Borrower and its Subsidiaries will take all necessary or appropriate steps to remedy promptly any such Material Adverse Change, Default, acceleration, default or Termination Event, to protect against any such adverse claim, to defend any such suit or proceeding, and to resolve all controversies on account of any of the foregoing. Borrower will also notify Agent and Agent's counsel in writing at least twenty Business Days prior to the date that any Restricted Person changes its name or the location of its chief executive office or principal place of business or the place where it keeps its books and records concerning the Collateral, furnishing with such notice any necessary financing statement amendments or requesting Agent and its counsel to prepare the same.

Section 6.5. Maintenance of Properties. Borrower and each of its Subsidiaries will maintain, preserve, protect, and keep all Collateral and all other property used or useful in the conduct of its business in good condition and in compliance with all applicable Laws, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times.

Section 6.6. Maintenance of Existence and Qualifications. Borrower and each of its Subsidiaries will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not cause a Material Adverse Change.

Section 6.7. Payment of Trade Liabilities, Taxes, etc. Borrower and each of its Subsidiaries will (a) timely file all required tax returns; (b) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; (c) within ninety (90) days after the same becomes due pay all Liabilities owed by it on ordinary trade terms to vendors, suppliers and other Persons providing goods and services used by it in the ordinary course of its business; (d) pay and discharge when due all other Liabilities now or hereafter owed by it; and (e) maintain appropriate accruals and reserves for all of the foregoing in accordance with GAAP. Borrower or any Subsidiary may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

Section 6.8. Insurance. Borrower and each of its Subsidiaries will keep or cause to be kept insured by financially sound and reputable insurers its property in accordance with the Insurance Schedule. Borrower will maintain the additional insurance coverage as described in the respective Security Documents. Upon demand by Agent any insurance policies covering Collateral shall be endorsed (a) to provide for payment of losses to Agent as its interests may appear, (b) to provide that such policies may not be canceled or reduced or affected in any material manner for any reason without fifteen days prior notice to Agent, (c) to provide for

48

54

any other matters specified in any applicable Security Document or which Agent may reasonably require; and (d) to provide for insurance against fire, casualty and any other hazards normally insured against, in the amount of the full value (less a reasonable deductible not to exceed amounts customary in the industry for similarly situated businesses and properties) of the property insured. Borrower and each of its Subsidiaries shall at all times maintain insurance against its liability for injury to persons or property in accordance with the Insurance Schedule, which insurance shall be by financially sound and reputable insurers. Without limiting the foregoing, Borrower and each of its Subsidiaries shall at all time maintain liability insurance in the amounts set out on the Insurance Schedule.

Section 6.9. Performance on Borrower's Behalf. If any Restricted

Person fails to pay any taxes, insurance premiums, expenses, attorneys' fees or other amounts it is required to pay under any Loan Document, Agent may pay the same. Borrower shall immediately reimburse Agent for any such payments and each amount paid by Agent shall constitute an Obligation owed hereunder which is due and payable on the date such amount is paid by Agent.

Section 6.10. Interest. Borrower hereby promises to each Bank Party to pay interest at the Default Rate on all Obligations (including Obligations to pay fees or to reimburse or indemnify any Bank Party) which Borrower has in this Agreement promised to pay to such Bank Party and which are not paid when due. Such interest shall accrue from the date such Obligations become due until they are paid.

Section 6.11. Compliance with Agreements and Law; Required Hedges. Borrower and each of its Subsidiaries will perform all material obligations it is required to perform under the terms of each indenture, mortgage, deed of trust, security agreement, lease, franchise, agreement, contract or other instrument or obligation to which it is a party or by which it or any of its properties is bound. Borrower and each of its Subsidiaries will conduct its business and affairs in compliance with all Laws applicable thereto. Borrower shall at all time maintain the Required Hedges, which shall comply with Section 7.3.

Section 6.12. Environmental Matters; Environmental Reviews.

(a) Borrower and each of its Subsidiaries will comply in all material respects with all Environmental Laws now or hereafter applicable to such Person and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect. Borrower will (i) not later than March 31, 1998, adopt a formal environmental management program reasonably necessary to assure compliance in all material respects with applicable Environmental Laws and otherwise to avoid environmental liabilities, (ii) continue the existing remediation program regarding the groundwater contamination at the Laverne Plant, as described in the environmental report delivered pursuant to Section 4.1(j) and 4.2(c).

(b) Borrower will promptly furnish to Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by

49

55

Borrower, or of which it has notice, pending or threatened against Borrower, by any governmental authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business.

(c) Borrower will promptly furnish to Agent all requests for information, notices of claim, demand letters, and other notifications, received by Borrower in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation or clean-up of Hazardous Material at any location.

Section 6.13. Evidence of Compliance. Borrower and each of its Subsidiaries will furnish to each Bank Party at such Borrower's or such Subsidiary's expense all evidence which Agent from time to time reasonably requests in writing as to the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in the Loan Documents, the satisfaction of all conditions contained therein, and all other matters pertaining thereto.

Section 6.14. Solvency. Upon giving effect to the issuance of the Notes, the execution of the Loan Documents by Restricted Persons and the consummation of the transactions contemplated hereby, each Restricted Person will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar laws).

Section 6.15. Agreement to Deliver Security Documents. Borrower agrees to deliver and to cause each other Restricted Person to deliver, to further secure the Obligations whenever requested by Agent in its sole and absolute

discretion, deeds of trust, mortgages, chattel mortgages, security agreements, financing statements and other Security Documents in form and substance satisfactory to Agent for the purpose of granting, confirming, and perfecting first and prior liens or security interests in any real or personal property now owned or hereafter acquired by any Restricted Person. Borrower also agrees to deliver, whenever requested by Agent in its sole and absolute discretion, favorable title opinions from legal counsel or title insurance policies from insurers, in each case acceptable to Agent, with respect to any Restricted Person's properties and interests designated by Agent (other than rights-of-way), based upon abstract or record examinations to dates acceptable to Agent and (a) stating that such Restricted Person has good and defensible title to such properties and interests, free and clear of all Liens other than Permitted Liens, (b) confirming that such properties and interests are subject to Security Documents securing the Obligations that constitute and create legal, valid and duly perfected first deed of trust or mortgage liens in such properties and interests and first priority assignments of and security interests in the oil and gas attributable to such properties and interests and the proceeds thereof, and (c) covering such other matters as Agent may reasonably request.

Section 6.16. Perfection and Protection of Security Interests and Liens. Borrower will from time to time deliver, and will cause each other Restricted Person from time to time to deliver, to Agent any financing statements, continuation statements, extension agreements and

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56

other documents, properly completed and executed (and acknowledged when required) by Restricted Persons in form and substance satisfactory to Agent, which Agent requests for the purpose of perfecting, confirming, or protecting any Liens or other rights in Collateral securing any Obligations.

Section 6.17. Bank Accounts; Offset. To secure the repayment of the Obligations Borrower hereby grants to each Bank Party a security interest, a lien, and a right of offset, each of which shall be in addition to all other interests, liens, and rights of any Bank Party at common law, under the Loan Documents, or otherwise, and each of which shall be upon and against (a) any and all moneys, securities or other property (and the proceeds therefrom) of Borrower now or hereafter held or received by or in transit to any Bank Party from or for the account of Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise, (b) any and all deposits (general or special, time or demand, provisional or final) of Borrower with any Bank Party, and (c) any other credits and claims of Borrower at any time existing against any Bank Party, including claims under certificates of deposit. At any time and from time to time after the occurrence of any Default, each Bank Party is hereby authorized to foreclose upon, or to offset against the Obligations then due and payable (in either case without notice to Borrower), any and all items hereinabove referred to. The remedies of foreclosure and offset are separate and cumulative, and either may be exercised independently of the other without regard to procedures or restrictions applicable to the other.

Section 6.18. Guaranties of Borrower's Subsidiaries. Each Subsidiary of Borrower now existing or created, acquired or coming into existence after the date hereof shall, promptly upon request by Agent, execute and deliver to Agent an absolute and unconditional guaranty of the timely repayment of the Obligations and the due and punctual performance of the obligations of Borrower hereunder, which guaranty shall be satisfactory to Agent in form and substance. Each Subsidiary of Borrower existing on the date hereof shall duly execute and deliver such a guaranty prior to the making of any Loan hereunder. Borrower will cause each of its Subsidiaries to deliver to Agent, simultaneously with its delivery of such a guaranty, written evidence satisfactory to Agent and its counsel that such Subsidiary has taken all corporate or partnership action necessary to duly approve and authorize its execution, delivery and performance of such guaranty and any other documents which it is required to execute.

Section 6.19. Assignment of Proceeds. Notwithstanding that, by the terms of the various Security Documents, Restricted Persons are and will be assigning to Agent and Lenders all of the "Production Proceeds" and "Transportation, Separation and Processing Proceeds" (as defined therein and collectively referred to in this section as "Proceeds") accruing to the Collateral covered thereby, so long as no Default has occurred Restricted Persons may continue to receive all such Proceeds, subject, however, to the

Liens created under the Security Documents, which Liens are hereby affirmed and ratified. Upon the occurrence of a Default, Agent and Lenders may exercise all rights and remedies granted under the Security Documents, including the right to obtain possession of all Proceeds then held by Restricted Persons or to receive directly from the purchasers, shippers or other payors, as the case may be, all other Proceeds. In no case shall any failure, whether purposed or inadvertent, by Agent or Lenders to collect directly any such Proceeds constitute in any way a waiver,

51

57

remission or release of any of their rights under the Security Documents, nor shall any release of any Proceeds by Agent or Lenders to Restricted Persons constitute a waiver, remission, or release of any other Proceeds or of any rights of Agent or Lenders to collect other Proceeds thereafter.

ARTICLE VII - Negative Covenants of Borrower

To conform with the terms and conditions under which each Bank Party is willing to have credit outstanding to Borrower, and to induce each Bank Party to enter into this Agreement and make the Loans, Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Majority Lenders have previously agreed otherwise:

Section 7.1. Indebtedness. No Restricted Person will in any manner owe or be liable for Indebtedness except:

(a) the Obligations.

(b) Indebtedness under leases of such Restricted Person as lessee which are capitalized in accordance with GAAP, including leases covering gas compressors, provided the aggregate amount of capitalized lease payments (including principal and interest payable under such capitalized leases) required to be made under such capitalized leases does not in the aggregate exceed \$3,000,000 in any Fiscal Year.

(c) unsecured Indebtedness among Borrower and Guarantors arising in the ordinary course of business.

(d) Indebtedness arising under Hedging Contracts permitted under Section 7.3.

Section 7.2. Limitation on Liens. No Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires, except, to the extent not otherwise forbidden by the Security Documents the following (each a "Permitted Lien"):

(a) Liens which secure Obligations only.

(b) The lessors' interests under capital leases permitted under Section 7.1(b).

(c) statutory Liens for taxes, assessments or other Tribunal charges, or statutory mechanics', materialmen's and landlords' Liens incurred in the ordinary course of business, and other similar statutory Liens incurred in the ordinary course of business, provided such Liens do not secure Indebtedness and secure only Liabilities which are not delinquent or which are being contested as provided in Section 6.7.

52

58

(d) as to property which is Collateral, any Liens expressly permitted to encumber such Collateral under any Security Document covering such Collateral.

(e) royalties, overriding royalties, reversionary interests and similar burdens on oil and gas leasehold interests or mineral interests which are created in the ordinary course of business and not for financing purposes.

(f) easements, rights of way, servitudes, permits, surface leases and other rights in respect to surface operations, pipelines, grazing, logging, canals, ditches, reservoirs or the like, conditions, covenants and other restrictions, and easements of streets, alleys, highways, pipelines, telephone lines, power lines, railways and other easements and rights of way on, over or in respect of Borrower's assets or properties which do not materially detract from the value or usefulness of such assets or property for the business conducted or materially interfere with the ordinary conduct of Borrower's business.

(g) inchoate Liens arising in connection with workmen's compensation, unemployment insurance or other social security, old age pension or public liability obligations, provided such Liens do not secure Indebtedness and secure only Liabilities which are not delinquent or which are being contested as provided in Section 6.7.

Section 7.3. Hedging Contracts. No Restricted Person will be a party to or in any manner be liable on any Hedging Contract, except:

(a) contracts entered into with the purpose and effect of fixing prices on Natural Gas or Natural Gas liquids expected to be bought or sold by Restricted Persons, provided that at all times: (1) no such contract fixes a price for a term of more than twenty-four (24) months; (2) the aggregate monthly production of Natural Gas liquids covered by all such Hedging Contracts (determined, in the case of contracts that are not settled on a monthly basis, by a monthly proration acceptable to Agent) for any single month does not in the aggregate exceed eighty percent (80%) of the aggregate Projected Natural Gas Liquid Production of Restricted Persons anticipated to be sold in the ordinary course of their businesses for such month, (3) the aggregate monthly volumes of Natural Gas covered by all such Hedging Contracts (determined, in the case of contracts that are not settled on a monthly basis, by a monthly proration acceptable to Agent) for any single month does not in the aggregate exceed eighty percent (80%) of the aggregate Projected Natural Gas Purchases of Restricted Persons anticipated to be purchased in the ordinary course of their businesses for such month, (4) no such contract entered into after the date hereof requires any Restricted Person to put up money, assets, or other security, other than letters of credit (and such contracts, in the aggregate, do not require Restricted Persons to put up letters of credit in an aggregate amount in excess of \$1,000,000), against the event of its nonperformance prior to actual default by such Restricted Person in performing its obligations thereunder; (5) each such contract is with a counterparty or has a guarantor of the obligation of the counterparty who (unless such counterparty is a Bank Party, AIG Trading Corporation or one of their respective Affiliates) at the time the contract is made has long-term obligations rated AA or Aa2 or better, respectively, by either Rating Agency, or is an Approved Counterparty, and (6) Restricted Persons shall not enter into

any such contracts for the purpose of speculative investment. As used in this subsection, the term "Projected Natural Gas Liquid Production" means the projected production of Natural Gas liquids (measured by volume unit or BTU equivalent, not sales price) for the term of the contracts or a particular month, as applicable, from the interests in the Plants owned by Restricted Persons, as such production is projected in the most recent Engineering Reports delivered pursuant to Section 6.2(c), after deducting projected production from any interests sold or under contract for sale that had been included in such reports and after adding projected production from any interests that had not been reflected in such reports but that are reflected in a separate or supplemental reports meeting the requirements of such Section 6.2(c) hereof and otherwise are satisfactory to Agent, and the term "Projected Natural Gas Purchases" means the projected purchases of Natural Gas (measured by volume unit or BTU equivalent, not sales price) for the term of the contracts or a particular month, as applicable, as such purchases are projected in the most recent Engineering Reports delivered pursuant to Section 6.2(c), after deducting projected purchases from any interests sold or under contract for sale that had been included in such reports and after adding projected purchases from any interests that had not been reflected in such reports but that are reflected in a separate or supplemental reports meeting the requirements of such Section 6.2(c) hereof and otherwise are satisfactory to Agent.

(b) contracts entered into by a Restricted Person with the purpose and effect of fixing interest rates on a principal amount of indebtedness of such Restricted Person that is accruing interest at a variable rate, provided that (1) the aggregate notional amount of such contracts never exceeds seventy-five percent (75%) of the anticipated outstanding principal balance of the indebtedness to be hedged by such contracts or an average of such principal balances calculated using a generally accepted method of matching interest swap contracts to declining principal balances, (2) the floating rate index of each such contract generally matches the index used to determine the floating rates of interest on the corresponding indebtedness to be hedged by such contract, and (3) each such contract is with a counterparty or has a guarantor of the obligation of the counterparty who (unless such counterparty is a Bank Party or one of its Affiliates) at the time the contract is made has long-term obligations rated AA or Aa2 or better, respectively, by either Rating Agency.

Section 7.4. Limitation on Mergers, Issuances of Securities. Except as expressly provided in this subsection no Restricted Person will merge or consolidate with or into any other business entity. Any Subsidiary of Borrower that is a Guarantor may, however, be merged into or consolidated with (i) another Guarantor, or (ii) Borrower, so long as Borrower is the surviving business entity. Borrower will not issue any securities other than shares of its common stock and any options or warrants giving the holders thereof only the right to acquire such shares. No Subsidiary of Borrower will issue any additional shares of its capital stock or other securities or any options, warrants or other rights to acquire such additional shares or other securities except to Borrower and only to the extent not otherwise forbidden under the terms hereof. No Subsidiary of Borrower which is a partnership will allow any diminution of Borrower's interest (direct or indirect) therein.

54

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Section 7.5. Limitation on Sales of Property. No Restricted Person will sell, transfer, lease, exchange, alienate or dispose of any of its material assets or properties or any material interest therein except, to the extent not otherwise forbidden under the Security Documents:

(a) equipment which is worthless or obsolete or which is replaced by equipment of equal suitability and value.

(b) inventory which is sold in the ordinary course of business on ordinary trade terms.

Neither Borrower nor any of Borrower's Subsidiaries will sell, transfer or otherwise dispose of capital stock of any of Borrower's Subsidiaries except that any Subsidiary of Borrower may sell or issue its own capital stock to the extent not otherwise prohibited hereunder. No Restricted Person will discount, sell, pledge or assign any notes payable to it, accounts receivable or future income except to the extent expressly permitted under the Loan Documents.

Section 7.6. Limitation on Dividends and Redemptions. No Restricted Person will declare or pay any dividends on, or make any other distribution in respect of, any class of its capital stock or any partnership or other interest in it, nor will any Restricted Person directly or indirectly make any capital contribution to or purchase, redeem, acquire or retire any shares of the capital stock of or partnership interests in any Person (whether such interests are now or hereafter issued, outstanding or created), or cause or permit any reduction or retirement of the capital stock of any Restricted Person, except as expressly provided in this section. Such dividends, distributions, contributions, purchases, redemptions, acquisitions, retirements or reductions may be made by Borrower and the Guarantors (i) without limitation to Borrower; (ii) to Guarantors which are Subsidiaries of Borrower, to the extent permitted under the investment restrictions of Section 7.7; (iii) during Fiscal Year 1997 only, to pay the owners of Borrower's preferred stock a 7% dividend, provided, the aggregate amount of such preferred stock dividend shall not exceed \$140,000 in any Fiscal Quarter; (iv) after the one-year anniversary hereof and so long as no Default has occurred and is continuing, to other Persons, to the extent that the aggregate value of all such dividends, distributions, contributions, purchases, redemptions, acquisitions, retirements and reductions made in any Fiscal Year does not exceed ten percent (10%) of Borrower's Consolidated Net Income for the period commencing with such one-year anniversary (including any dividends under any preferred stock issued by Borrower).

Section 7.7. Limitation on Investments and New Businesses; Limitation

on Capital Expenditures. No Restricted Person will (i) make any expenditure or commitment or incur any obligation or enter into or engage in any transaction except in the ordinary course of business, (ii) engage directly or indirectly in any business or conduct any operations except in connection with or incidental to its present businesses and operations, (iii) make any acquisitions of or capital contributions to or other investments in any Person, other than investments in Cash Equivalents and Subsidiaries (either heretofore owned or hereafter formed or acquired with the consent of Majority Lenders) that are Guarantors, or (iv) make any significant acquisitions or investments in any properties other than gas gathering and transportation pipelines and gas

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61

processing facilities. Restricted Persons shall not incur capital expenditures in excess of \$2,500,000 as to any single project without (i) furnishing to Agent and Lenders detailed projections and budgets regarding such project and (ii) receiving the prior written consent of Majority Lenders, such consent not to be unreasonably withheld.

Section 7.8. Limitation on Credit Extensions. Except for Cash Equivalents, no Restricted Person will extend credit, make advances or make loans other than (i) normal and prudent extensions of credit to customers buying goods and services in the ordinary course of business, which extensions shall not be for longer periods than those extended by similar businesses operated in a normal and prudent manner, (ii) loans to Borrower or to any Guarantor, and (iii) loans to employees of any Restricted Person, so long as the aggregate amount of such loans does not exceed \$20,000.

Section 7.9. Transactions with Affiliates. Neither Borrower nor any of its Subsidiaries will engage in any material transaction with any of its Affiliates on terms which are less favorable to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among Restricted Persons.

Section 7.10. Certain Contracts; Amendments; Multiemployer ERISA Plans. Except as expressly provided for in the Loan Documents, neither Borrower nor any of its Subsidiaries will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of any Subsidiary of Borrower to: (i) pay dividends or make other distributions to Borrower, (ii) to redeem equity interests held in it by Borrower, (iii) to repay loans and other indebtedness owing by it to Borrower, or (iv) to transfer any of its assets to Borrower. No Restricted Person will enter into any "take-or-pay" contract or other contract or arrangement for the purchase of goods or services which obligates it to pay for such goods or service regardless of whether they are delivered or furnished to it. No Restricted Person will amend or permit any amendment to any contract or lease which releases, qualifies, limits, makes contingent or otherwise detrimentally affects the rights and benefits of Agent or any Lender under or acquired pursuant to any Security Documents. No ERISA Affiliate will incur any obligation to contribute to any "multiemployer plan" as defined in Section 4001 of ERISA.

Section 7.11. Current Ratio. The ratio of Borrower's Consolidated current assets to Borrower's Consolidated current liabilities will never be less than (a) 0.90 to 1 for the period from the date hereof through and including September 30, 1998 and (b) 1.00 to 1 on any day thereafter. For purposes of this section (i) all LC Obligations (other than Letters of Credit issued hereunder to secure payables) shall be included as current liabilities, regardless of whether or not contingent (but without duplication), and (ii) Borrower's Consolidated current liabilities will be calculated without including any payments of principal on the Term Notes which are required to be repaid within one year from the time of calculation.

Section 7.12. Net Worth. Borrower's Consolidated Net Worth will never be less than the sum of (i) \$40,000,000 plus (ii) fifty percent (50%) of Borrower's Consolidated Net

56

Income (if positive) for each Fiscal Quarter from and after September 30, 1997 to and including the date of determination thereof, computed on a cumulative basis for such period plus (iii) seventy-five percent (75%) of the net proceeds (after costs of sale) of any common or preferred stock hereafter issued by Borrower.

Section 7.13. EBITDA. At the end of any Fiscal Quarter:

(a) The ratio of (i) EBITDA to (ii) Debt Service for the four-Fiscal Quarter period ending with such Fiscal Quarter will not be less than (A) 2.00 to 1 for any Fiscal Quarter ending on or before December 31, 1998, (B) 2.50 to 1 for any Fiscal Quarter ending after December 31, 1998 and on or before December 31, 1999, and (B) 3.00 to 1 for any Fiscal Quarter thereafter.

(b) The ratio of (i) EBITDA to (ii) the sum of (A) Debt Service plus (B) scheduled payments of principal (including the principal component of rentals or capitalized leases but excluding principal payments on the Revolving Credit Notes) on Indebtedness for the four-Fiscal Quarter period ending with such Fiscal Quarter will not be less than 1.2 to 1.

Section 7.14. Debt to Capital Ratio. The Debt to Capital Ratio will never exceed (a) seventy percent (70%) at any time from the date hereof through and including September 30, 1998, (b) sixty-five percent (65%) from and including October 1, 1998 through and including September 30, 1999, (c) sixty percent (60%) from and including October 1, 1999 through and including December 31, 2000, or (d) fifty percent (50%) at any time thereafter.

ARTICLE VIII - Events of Default and Remedies

Section 8.1. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) Any Restricted Person fails to pay the principal component of any Obligation when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any Restricted Person fails to pay any Obligation (other than the Obligations in clause (a) above) when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise, within three Business Days after the same becomes due;

(c) Any "default" or "event of default" occurs under any Loan Document which defines either such term (other than by reference to the Credit Agreement), and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(d) Any Restricted Person fails to duly observe, perform or comply with any covenant, agreement or provision of Section 6.4 or Article VII;

57

63

(e) Any Restricted Person fails (other than as referred to in subsections (a), (b), (c) or (d) above) to duly observe, perform or comply with any covenant, agreement, condition or provision of any Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Agent to Borrower;

(f) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of Borrower or any of its Subsidiaries in connection with any Transaction Document shall prove to have been false or incorrect in any material respect on any date on or as of which made, or any Loan Document at any time ceases to be valid, binding and enforceable as warranted in Section 5.5 for any reason other than its release or subordination by Agent;

(g) Borrower or any of its Subsidiaries fails to duly observe, perform or comply with any agreement with any Person or any term or condition of any instrument, if such agreement or instrument is materially significant to Borrower or to Borrower and its subsidiaries on a Consolidated basis or materially significant to any Guarantor, and such failure is not remedied

within the applicable period of grace (if any) provided in such agreement or instrument;

(h) Borrower or any of its Subsidiaries (i) fails to pay any portion, when such portion is due, of any of its Indebtedness in excess of \$500,000, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, and any such failure, breach or default continues beyond any applicable period of grace provided therefor;

(i) Either (i) any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) in excess of \$500,000 exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than \$500,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(j) Borrower or any of its Subsidiaries:

(i) suffers the entry against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended, or has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief

58

64

in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) suffers the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its assets or of any part of the Collateral in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in excess of \$500,000 (not covered by insurance satisfactory to Agent in its discretion), unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a writ or warrant of attachment or any similar process to be issued by any Tribunal against all or any substantial part of its assets or any part of the Collateral, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside;

(k) Any Change in Control occurs;

(l) Any Material Adverse Change occurs; or

(m) Any Restricted Person shall put up any money, assets or other security (other than letters of credit in an aggregate amount for all Restricted Persons not to exceed \$1,000,000) against the event of its nonperformance prior to actual default in performing its obligations under any Hedging Contract.

Upon the occurrence of an Event of Default described in subsection (j)(i), (j)(ii) or (j)(iii) of this section with respect to Borrower, all of the Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further Loans shall be permanently terminated. During the continuance of any other Event of Default, Agent at any time and from time to time may (and upon written instructions from Majority Lenders, Agent shall), without notice to Borrower or any other Restricted Person, do either or both of the following: (1) terminate any obligation of Lenders to make Loans hereunder, and (2) declare any or all of the Obligations immediately due and payable, and all such Obligations shall

59

65

thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Restricted Person who at any time ratifies or approves this Agreement.

Section 8.2. Remedies. If any Default shall occur and be continuing, each Bank Party may protect and enforce its rights under the Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Bank Party may enforce the payment of any Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Bank Parties under the Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Loan Documents or at Law or in equity.

ARTICLE IX - Agent

Section 9.1. Appointment and Authority. Each Bank Party hereby irrevocably authorizes Agent, and Agent hereby undertakes, to receive payments of principal, interest and other amounts due hereunder as specified herein and to take all other actions and to exercise such powers under the Loan Documents as are specifically delegated to Agent by the terms hereof or thereof, together with all other powers reasonably incidental thereto. The relationship of Agent to the other Bank Parties is only that of one commercial lender acting as administrative agent for others, and nothing in the Loan Documents shall be construed to constitute Agent a trustee or other fiduciary for any holder of any of the Notes or of any participation therein nor to impose on Agent duties and obligations other than those expressly provided for in the Loan Documents. With respect to any matters not expressly provided for in the Loan Documents and any matters which the Loan Documents place within the discretion of Agent, Agent shall not be required to exercise any discretion or take any action, and it may request instructions from Lenders with respect to any such matter, in which case it shall be required to act or to refrain from acting (and shall be fully protected and free from liability to all Lenders in so acting or refraining from acting) upon the instructions of Majority Lenders (including itself), provided, however, that Agent shall not be required to take any action which exposes it to a risk of personal liability that it considers unreasonable or which is contrary to the Loan Documents or to applicable Law.

Section 9.2. Exculpation, Agent's Reliance, Etc. Neither Agent nor any of its directors, officers, agents, attorneys, or employees shall be liable for any action taken or omitted to be taken by any of them under or in connection with the Loan Documents, INCLUDING THEIR NEGLIGENCE OF ANY KIND, except that each shall be liable for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, Agent (a) may treat the payee of any Note as the holder thereof until Agent receives written notice of the

assignment or transfer thereof in accordance with this Agreement, signed by such payee and in form satisfactory to Agent; (b) may consult with legal counsel (including counsel for Borrower), independent public accountants and other experts selected by it and shall not be

60

66

liable for any action taken or omitted to be taken by it in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any other Bank Party and shall not be responsible to any other Bank Party for any statements, warranties or representations made in or in connection with the Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of the Loan Documents on the part of any Restricted Person or to inspect the property (including the books and records) of Borrower or any of its Subsidiaries; (e) shall not be responsible to any other Bank Party for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any instrument or document furnished in connection therewith; (f) may rely upon the representations and warranties of each Restricted Person and the Lenders in exercising its powers hereunder; (g) shall incur no liability under or in respect of the Loan Documents by acting upon any notice, consent, certificate or other instrument or writing (including any telecopy, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper Person or Persons; and (h) shall not be obligated to initiate or conduct any litigation or collection proceedings.

Section 9.3. Credit Decisions; Limited Scope of Agent's Duties. Each Bank Party acknowledges that it has, independently and without reliance upon any other Bank Party, made its own analysis of Borrower and the transactions contemplated hereby and its own independent decision to enter into this Agreement and the other Loan Documents. Each Bank Party also acknowledges that it will, independently and without reliance upon any other Bank Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents. Except for notices, reports and other documents and information expressly required to be furnished to another Bank Party by Agent hereunder, Agent shall have no duty or responsibility to provide any other Bank Party with any credit or other information concerning the affairs, financial condition or businesses of the Company or any of its Subsidiaries (or any of their Affiliates) which may come into the possession of Agent or any of its Affiliates. Agent shall not be required to keep itself informed as to the performance or observance by Restricted Persons of this Agreement or any other Loan Document or other document referred to or provided for herein or to inspect the properties or books of Borrower or any of its Subsidiaries, and shall not be deemed to have knowledge or notice of the occurrence of a Default (other than the non-payment of any obligation to the extent the same is required to be paid to Agent for the account of LC Issuer or Lenders) unless it has received notice from another Bank Party or Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event Agent receives such a notice of the occurrence of a Default (or upon the occurrence of any such non-payment), Agent shall give prompt notice thereof to each Bank Party and shall take such action with respect to such Default as shall be directed by Majority Lenders, provided that Agent may, but shall not be obligated to, take such action, or refrain from taking such action, with respect to such Default as Agent may deem advisable in the best interest of Bank Parties.

Section 9.4. Indemnification. Each Lender agrees to indemnify Agent (to the extent not reimbursed by Borrower within ten (10) days after demand) from and against such Lender's Percentage Share of any and all liabilities, obligations, claims, losses, damages,

61

67

penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against Agent growing out of, resulting

from or in any other way associated with any of the Collateral, the Loan Documents and the transactions and events at any time associated therewith or contemplated therein (including any enforcement of the Loan Documents, any violation or noncompliance with any Environmental Laws by any Person, or any liabilities or duties of any Person with respect to Hazardous Materials found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AGENT,

provided only that no Lender shall be obligated under this section to indemnify Agent for that portion, if any, of any liabilities and costs which is proximately caused by Agent's own individual gross negligence or willful misconduct. Cumulative of the foregoing, each Lender agrees to reimburse Agent promptly upon demand for such Lender's Percentage Share of any costs and expenses to be paid to Agent by Borrower under Section 10.4(a) to the extent that Agent is not timely reimbursed for such expenses by Borrower as provided in such section. As used in this section the term "Agent" shall refer not only to the Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Person.

Section 9.5. Rights as Lender. In its capacity as a Lender, Agent shall have the same rights and obligations as any Lender and may exercise such rights as though it were not Agent. Agent may accept deposits from, lend money to, act as Trustee under indentures of, and generally engage in any kind of business with Borrower, any of its Subsidiaries, or any of their respective Affiliates, all as if it were not Agent hereunder and without any duty to account therefor to any other Lender.

Section 9.6. Sharing of Set-Offs and Other Payments. Each Bank Party agrees that if it shall, whether through the exercise of rights under Security Documents or rights of banker's lien, set off, or counterclaim against Borrower or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by Agent under Section 3.1, causes such Bank Party to have received more than it would have received had such payment been received by Agent and distributed pursuant to Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Bank Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that Agent and all Lenders share all payments of Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right

62

68

of any Bank Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. Borrower expressly consents to the foregoing arrangements and agrees that any holder of any such interest or other participation in the Obligations, whether or not acquired pursuant to the foregoing arrangements, may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest or other participation. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.7. Investments. Whenever Agent in good faith determines that it is uncertain about how to distribute to Lenders any funds which it has received, or whenever Agent in good faith determines that there is any dispute among Lenders about how such funds should be distributed, Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Agent is otherwise required to invest funds pending distribution to Lenders, Agent shall invest such funds pending distribution; all interest on any such investment shall be distributed upon the

distribution of such investment and in the same proportion and to the same Persons as such investment.

Section 9.8. Benefit of Article IX. The provisions of this Article (other than the following Section 9.9) are intended solely for the benefit of Bank Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Bank Party. Bank Parties may waive or amend such provisions as they desire without any notice to or consent of Borrower or any Restricted Person.

Section 9.9. Resignation. Agent may resign at any time by giving written notice thereof to Lenders and Borrower. Each such notice shall set forth the date of such resignation. Upon any such resignation Majority Lenders shall have the right to appoint a successor Agent. A successor must be appointed for any retiring Agent, and such Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Agent's resignation, no successor Agent has been appointed and has accepted such appointment, then the retiring Agent may appoint a successor Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents.

63

69

ARTICLE X - Miscellaneous

Section 10.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Bank Party in exercising any right, power or remedy which such Bank Party may have under any of the Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Bank Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is Borrower, by Borrower, (ii) if such party is Agent or LC Issuer, by such party, and (iii) if such party is a Lender, by such Lender or by Agent on behalf of Lenders with the written consent of Majority Lenders (which consent has already been given as to the termination of the Loan Documents as provided in Section 10.9). Notwithstanding the foregoing or anything to the contrary herein, Agent shall not, without the prior consent of each individual Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV (provided that Agent may in its discretion withdraw any request it has made under Section 4.3(e)), (2) increase the Revolving Credit Maximum Loan Amount of any Revolving Credit Lender or subject any Lender to any additional obligations, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest, (5) amend the definition herein of "Eligible Accounts" or the "advance rate" related thereto as set forth in Section 2.9 hereof, (6) amend the definition herein of "Majority Lenders" or otherwise change the aggregate amount of Percentage Shares which is required for Agent, Lenders or any of them to take any particular action under the Loan Documents, or (7) release Borrower from its

obligation to pay such Lender's Note or any Guarantor from its guaranty of such payment.

(b) Acknowledgments and Admissions. Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Agent or any Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iii) there are no

64

70

representations, warranties, covenants, undertakings or agreements by any Bank Party as to the Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iv) no Bank Party has any fiduciary obligation toward Borrower with respect to any Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the Loan Documents between Borrower and the other Restricted Persons, on one hand, and each Bank Party, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Loan Documents between any Restricted Person and any Bank Party, (vii) Agent is not Borrower's Agent, but Agent for Lenders, (viii) should an Event of Default or Default occur or exist, each Bank Party will determine in its sole discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time, (ix) without limiting any of the foregoing, Borrower is not relying upon any representation or covenant by any Bank Party, or any representative thereof, and no such representation or covenant has been made, that any Bank Party will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Documents with respect to any such Event of Default or Default or any other provision of the Loan Documents, and (x) all Bank Parties have relied upon the truthfulness of the acknowledgments in this section in deciding to execute and deliver this Agreement and to become obligated hereunder.

(c) Representation by Lenders. Each Lender hereby represents that it will acquire its Note for its own account in the ordinary course of its commercial lending business; however, the disposition of such Lender's property shall at all times be and remain within its control and, subject to Section 10.5, such Lender may sell or otherwise transfer its Note, any participation interest or other interest in its Note, or any of its other rights and obligations under the Loan Documents.

(d) Joint Acknowledgment. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the Transaction Documents shall survive the execution and delivery of this Agreement and the other Loan Documents and the performance hereof and thereof, including the making or granting of the Loans and the delivery of the Notes and the other Loan Documents, and shall further survive until all of the Obligations are paid in full to each Bank Party and all of Bank Parties' obligations to Restricted Persons are terminated. All statements and agreements contained in any certificate or other instrument delivered by Borrower or any of its Subsidiaries to any Bank Party under any Loan Document shall be deemed representations and warranties by Borrower or

65

71

agreements and covenants of Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the Loan Documents, and the rights, powers, and privileges granted to Bank Parties in

the Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Bank Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Documents.

Section 10.3. Notices. All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document (provided that Agent may give telephonic notices to the other Bank Parties), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telecopy, by delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, to Borrower and Restricted Persons at the address of Borrower specified on the signature pages hereto and to each Bank Party at its address specified on the signature pages hereto (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein, (b) in the case of telecopy, upon receipt, or (c) in the case of registered or certified United States mail, three days after deposit in the mail; provided, however, that no Borrowing Notice or Continuation/Conversion Notice shall become effective until actually received by Agent.

Section 10.4. Payment of Expenses; Indemnity.

(a) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, Borrower will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay: (i) all transfer, stamp, mortgage (except as may be prohibited by Law), documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Loan Documents or any other document referred to herein or therein, (ii) all reasonable costs and expenses incurred by or on behalf of Agent (including fees of attorneys, accountants, engineers and other experts and advisors, travel costs and miscellaneous expenses) in connection with (1) the negotiation, preparation, execution and delivery of the Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, (2) the filing, recording, refiling and re-recording of any Loan Documents and any other documents or instruments or further assurances required to be filed or recorded or refiled or re-recorded by the terms of any Loan Document, (3) the borrowings hereunder and other action reasonably required in the course of administration hereof, or (4) monitoring or confirming (or preparation or negotiation

66

72

of any document related to) Borrower's compliance with any covenants or conditions contained in this Agreement or in any Loan Document, and (iii) all reasonable costs and expenses incurred by or on behalf of any Bank Party (including fees of attorneys, accountants, engineers and other experts and advisors) in connection with the defense or, upon the occurrence of a Default, enforcement of any of the Loan Documents or the defense of any Bank Party's exercise of its rights thereunder. In addition to the foregoing, until and all Obligations have been paid in full, Borrower will also pay or reimburse Agent for all reasonable out-of-pocket costs and expenses of Agent or its agents or employees in connection with the continuing administration of the Loans and the related due diligence of Agent, including travel and miscellaneous expenses and fees and expenses of Agent's outside counsel, reserve engineers and consultants engaged in connection with the Loan Documents.

(b) Indemnity. Borrower agrees to indemnify each Bank Party, upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, engineers and other experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent

(in whole or in part) may be imposed on, incurred by, or asserted against such Bank Party growing out of, resulting from or in any other way associated with any of the Collateral, the Loan Documents and the transactions and events at any time associated therewith or contemplated therein (including any enforcement or defense of the Loan Documents, any violation or noncompliance with any Environmental Laws by any Person, or any liabilities or duties of any Person with respect to Hazardous Materials found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY BANK PARTY,

provided only that no Bank Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct. As used in this section the term "Bank Parties" shall refer not only to the Persons designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Persons.

Section 10.5. Joint and Several Liability; Parties in Interest; Assignments. All Obligations which are incurred by two or more Restricted Persons shall be their joint and several obligations and liabilities. All grants, covenants and agreements contained in the Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of Majority Lenders. Neither Borrower nor any Affiliates of Borrower shall

67

73

directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If Borrower or any Affiliate of Borrower at any time purchases some but less than all of the Obligations owed to all Bank Parties, such purchaser shall not be entitled to any rights of any Bank Party under the Loan Documents unless and until Borrower or its Affiliates have purchased all of the Obligations.

(b) No Lender shall sell any participation interest in its commitment hereunder or any of its rights under its Loans or under the Loan Documents to any Person other than an Eligible Transferee, and then only if the agreement between such Lender and such participant at all times provides: (i) that such participation exists only as a result of the agreement between such participant and such Lender and that such transfer does not give such participant any right to vote as a Lender or any other direct claims or rights against any Person other than such Lender, (ii) that such participant is not entitled to payment from any Restricted Person under Sections 3.2 through 3.6 of amounts in excess of those payable to such Lender under such sections (determined without regard to the sale of such participation), (iii) that (unless Agent and Borrower otherwise consent) such participant has an identical percentage interest (through such participation) in both the Term Loans and the Revolving Credit Loans, and (iv) unless such participant is an Affiliate of such Lender, that such participant shall not be entitled to require such Lender to take any action under any Loan Document or to obtain the consent of such participant prior to taking any action under any Loan Document, except for actions which would require the consent of all Lenders under the last sentence of subsection (a) of Section 10.1. No Lender selling such a participation shall, as between the other parties hereto and such Lender, be relieved of any of its obligations hereunder as a result of the sale of such participation. Each Lender which sells any such participation to any Person (other than an Affiliate of such Lender) shall give prompt notice thereof to Agent and Borrower.

(c) Except for sales of participations under the immediately preceding subsection (b), no Lender shall make any assignment or transfer of any kind of its commitments or any of its rights under its Loans or under the Loan Documents, except for assignments to an Eligible Transferee, and then only if such assignment is made in accordance with the following requirements:

(i) Each such assignment shall apply to all Obligations owing to the assignor Lender hereunder and to the unused portion of the assignor Lender's commitments, so that after such assignment is made the assignor Lender shall have a fixed (and not a varying) Percentage Share in its Loans and Notes, have an identical Percentage Share in both the Term Loans and the Revolving Credit Loans (unless Agent and Borrower otherwise consent), and be committed to make that Percentage Share of all future Loans, the assignee shall have a fixed Percentage Share in such Loans and Notes, have an identical Percentage Share in both the Term Loans and the Revolving Credit Loans (unless Agent and Borrower otherwise consent), and be committed to make that Percentage Share of all future Loans, and the individual Percentage Share of the Revolving Credit

68

74

Maximum Loan Amount of each of the assignor and assignee shall equal or exceed \$5,000,000 (unless such assignor Lender is assigning one hundred percent (100%) of its Percentage Share).

(ii) The parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording in the "Register" (as defined below in this section), an Assignment and Assumption Agreement substantially in the form of Exhibit J, appropriately completed, together with the Note subject to such assignment and, as to any such assignment after the Syndication Date, and shall pay a processing fee to Agent of \$2,500. Upon such execution, delivery, and payment and upon the satisfaction of the conditions set out in such Assignment and Assumption Agreement, then (i) Borrower shall issue new Notes to such assignor and assignee upon return of the old Notes to Borrower, and (ii) as of the "Settlement Date" specified in such Assignment and Assumption Agreement the assignee thereunder shall be a party hereto and a Lender hereunder and Agent shall thereupon deliver to Borrower and each Lender a schedule showing the revised Percentage Shares of such assignor Lender and such assignee Lender and the Percentage Shares of all other Lenders.

(iii) Each assignee Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended) for Federal income tax purposes, shall (to the extent it has not already done so) provide Agent and Borrower with the "Prescribed Forms" referred to in Section 3.6(d).

(d) Nothing contained in this section shall prevent or prohibit any Lender from assigning or pledging all or any portion of its Loans and Note to any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank; provided that no such assignment or pledge shall relieve such Lender from its obligations hereunder.

(e) By executing and delivering an Assignment and Assumption Agreement, each assignee Lender thereunder will be confirming to and agreeing with Borrower, Agents and each other Lender hereunder that such assignee understands and agrees to the terms of the Loan Documents, including Article IX hereof.

(f) Agent shall maintain a copy of each Assignment and Assumption Agreement and a register for the recordation of the names and addresses of Lenders and the Percentage Shares of, and principal amount of the Loans owing to, each Lender from time to time (in this section called the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower and each Bank Party may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes. The Register shall be available for inspection by Borrower or any Bank Party at any reasonable time and from time to time upon reasonable prior notice.

Section 10.6. Confidentiality. Each Bank Party agrees that it will take all reasonable steps to keep confidential any proprietary information given to it by Borrower or any of its

69

Subsidiaries, provided, however, that this restriction shall not apply to information which (i) has at the time in question entered the public domain, (ii) is required to be disclosed by Law (whether valid or invalid) of any Tribunal, (iii) is disclosed to any Bank Party's Affiliates, auditors, attorneys, or agents, (iv) is furnished to any other Bank Party or to any purchaser or prospective purchaser of participations or other interests in any Loan or Loan Document, provided each such purchaser or prospective purchaser first agrees to hold such information in confidence on the terms provided in this section), or (v) is disclosed in the course of enforcing its rights and remedies during the existence of an Event of Default.

Section 10.7. Governing Law; Submission to Process. EXCEPT TO THE EXTENT THAT THE LAW OF ANOTHER JURISDICTION IS EXPRESSLY ELECTED IN A LOAN DOCUMENT, THE LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS AND INSTRUMENTS MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND THE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. BORROWER HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST BORROWER WITH RESPECT TO THIS AGREEMENT, THE NOTES OR ANY OF THE LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AS BANK PARTIES MAY ELECT, AND, BY EXECUTION AND DELIVERY HEREOF, BORROWER ACCEPTS AND CONSENTS FOR ITSELF AND IN RESPECT TO ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS, AND FURTHER AGREES TO A TRANSFER OF ANY SUCH PROCEEDING TO A FEDERAL COURT SITTING IN THE STATE OF NEW YORK TO THE EXTENT THAT IT HAS SUBJECT MATTER JURISDICTION, AND OTHERWISE TO A STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SUCH JURISDICTION SHALL BE EXCLUSIVE, UNLESS WAIVED BY BANK PARTIES IN WRITING, WITH RESPECT TO ANY ACTION OR PROCEEDING BROUGHT BY IT AGAINST BANK PARTIES AND ANY QUESTIONS RELATING TO USURY. BORROWER AGREES THAT SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK SHALL APPLY TO THE LOAN DOCUMENTS AND WAIVES ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. IN FURTHERANCE OF THE FOREGOING, BORROWER HEREBY IRREVOCABLY DESIGNATES AND APPOINTS CT CORPORATION SYSTEM, 1633 BROADWAY, NEW YORK, NEW YORK, AS AGENT OF BORROWER TO RECEIVE SERVICE OF ALL PROCESS BROUGHT AGAINST BORROWER WITH RESPECT TO ANY SUCH

70

76

PROCEEDING IN ANY SUCH COURT IN NEW YORK, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY BORROWER TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. COPIES OF ANY SUCH PROCESS SO SERVED SHALL ALSO, IF PERMITTED BY LAW, BE SENT BY REGISTERED MAIL TO BORROWER AT ITS ADDRESS SET FORTH BELOW, BUT THE FAILURE OF BORROWER TO RECEIVE SUCH COPIES SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS AS AFORESAID. BORROWER SHALL FURNISH TO BANK PARTIES A CONSENT OF CT CORPORATION SYSTEM AGREEING TO ACT HEREUNDER PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF BANK PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF BANK PARTIES TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. IF FOR ANY REASON CT CORPORATION SYSTEM SHALL RESIGN OR OTHERWISE CEASE TO ACT AS BORROWER'S AGENT, BORROWER HEREBY IRREVOCABLY AGREES TO (A) IMMEDIATELY DESIGNATE AND APPOINT A NEW AGENT ACCEPTABLE TO AGENT TO SERVE IN SUCH CAPACITY AND, IN SUCH EVENT, SUCH NEW AGENT SHALL BE DEEMED TO BE SUBSTITUTED FOR CT CORPORATION SYSTEM FOR ALL PURPOSES HEREOF AND (B) PROMPTLY DELIVER TO BANK PARTIES THE WRITTEN CONSENT (IN FORM AND SUBSTANCE SATISFACTORY TO AGENT) OF SUCH NEW AGENT AGREEING TO SERVE IN SUCH CAPACITY.

Section 10.8. Limitation on Interest. Bank Parties, Restricted Persons and the other parties to the Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such persons stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to provide for interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the Loan Documents which may be in conflict or apparent conflict herewith.

Section 10.9. Termination; Limited Survival. In its sole and absolute discretion Borrower may at any time that no Obligations are owing elect in a written notice delivered to Agent to terminate this Agreement. Upon receipt by Agent of such a notice, if no Obligations are then owing this Agreement and all other Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any

71

77

Restricted Person in any Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Bank Party shall survive any termination of this Agreement or any other Loan Document. At the request and expense of Borrower, Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the Loan Documents. Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.10. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.11. Counterparts. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

Section 10.12. Waiver of Jury Trial, Punitive Damages, etc. TO THE EXTENT PERMITTED BY LAW, BANK PARTIES AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF SUCH PERSONS OR BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK PARTIES' ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. BORROWER AND EACH BANK PARTY HEREBY FURTHER (A) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES", AS DEFINED BELOW, (B) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (C) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR

72

78

FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 10.13. Restatement of Original Agreement. Borrower and its Subsidiaries refinanced the purchase of certain of the Plants and the Stand-Alone Gathering Systems pursuant to that certain Credit Agreement dated as of December 30, 1996 among Borrower, ING Capital, individually and as agent, and the lenders named therein (as heretofore amended, the "Original Agreement"). Each lender under the Original Agreement (other than ING Capital) is contemporaneously herewith selling and assigning all outstanding promissory notes under the Original Agreement to ING Capital, and this Agreement, the Notes and the other Loan Documents amend, restate, renew and extend (but do not novate or extinguish) the Original Agreement, the "Notes" and the "Loan Documents" (as defined therein) and the obligations and indebtedness thereunder.

To confirm Bank Parties' understanding concerning the Original

Agreement and Borrower's and its Subsidiaries' obligations and indebtedness thereunder, and to induce each Bank Party to enter into this Agreement and to extend credit hereunder, Borrower represents and warrants to each Bank Party that the Original Agreement and each "Loan Document" (as defined therein) has been duly authorized, executed and delivered and is a legal, valid and binding obligation of each Restricted Person which is a party hereto or thereto, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights. In furtherance of the foregoing, BORROWER HEREBY WAIVES IN ALL RESPECTS ANY AND ALL DEFENSES, SETOFFS, DEDUCTIONS AND COUNTERCLAIMS WHICH MAY EXIST AS OF THE DATE HEREOF WHICH ANY RESTRICTED PERSON MAY HAVE TO THE PERFORMANCE OF THE OBLIGATIONS AND PAYMENT OF THE INDEBTEDNESS DESCRIBED THEREIN, including any defense based upon the invalidity, deficiency, illegality, or unenforceability of the Original Agreement, any "Note" or any "Loan Document" (as defined therein), in whole or in part, including any defense based upon any claim of usury, any bar by any Law or any statute of limitations or other law of recovery on any of the obligations or indebtedness described therein, or any defense or excuse for failure to perform on account of force majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever.

73

79

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

CONTINENTAL NATURAL GAS, INC.
Borrower

By: _____
Garry D. Smith, Vice President - Controller

Address:
1400 Boston Building
1412 So. Boston, Suite 500
Tulsa, Oklahoma 74119
Attention: Garry D. Smith

Telephone: (918) 582-4700
Telecopy: (918) 560-4900

74

80

ING (U.S.) CAPITAL CORPORATION, as Agent

By: _____
W. King Grant, Senior Vice President

Address:
135 East 57th Street
New York, New York 10022
Attention: W. King Grant

Telephone: 212-409-1730
Telecopy: 212-832-3616

REVOLVING CREDIT LENDERS:

ING (U.S.) CAPITAL CORPORATION,
as a Revolving Credit Lender and LC Issuer

By: _____
W. King Grant, Senior Vice President

TERM LENDERS:

ING (U.S.) CAPITAL CORPORATION

By: _____
W. King Grant, Senior Vice President

75

81

LENDER SCHEDULE

LENDER SCHEDULE

<TABLE>
<CAPTION>

Name of Lender -----	Revolving Credit		Term Loan		Share -----
	Percentage -----	Amount -----	Percentage -----	Amount -----	
<S> ING (U.S.) Capital Corporation	<C> 100%	<C> \$25,000,000	<C> 100%	<C> \$75,000,000	<C> 100%

</TABLE>

82

SCHEDULE 1

DISCLOSURE SCHEDULE

To supplement the following sections of the Agreement of which this Schedule is a part, Borrower hereby makes the following disclosures:

1. Section 5.9 Litigation:

Colorado Interstate Gas Company, Plaintiff v. C&L Processors and Warren Petroleum Co., a Division of Chevron USA, Inc., Defendants, and Third Party Plaintiffs v. Continental Hydrocarbons, Inc., Third Party Defendant, Case No. 93CV1894, Dist. Ct., El Paso County, Colorado. CIG has asserted claims against CHI (and, pursuant to a pending motion, CNG) relating to processing of CIG gas at the Mocane Plant. CIG seeks recovery of approximately \$1,500,000-\$3,000,000 relating to processing since April 30, 1996. CNG disputes the amounts due CIG and has established some reserves.

Settlement discussions regarding the above litigation are ongoing.

2. Section 5.12 Environmental and Other Laws:

Asbestos is present at the Mocane Plant as set forth on page 4 of the report dated October 31, 1996 by Pilko & Associates, Inc. to ING Capital (the "Pilko Report"). Borrower has created and maintains an Asbestos Operations and Maintenance Plan.

Groundwater contamination is present at the Laverne Plant as set forth on pages 6 and 7 of the Pilko Report. Remediation has been ongoing since approximately 1993.

Underground tanks used for the storage of Natural Gas liquids are located at the Mocane Plant.

Matters disclosed in Schedule 2.01(q) of the Agreement and Plan of

Merger dated November 24, 1997, between Borrower, Coda Energy, Inc., and others.

3. Sections 5.13 and 10.3 Names and Places of Business:

Other Names: Continental Hydrocarbons, Inc.
(predecessor to Continental Hydrocarbons, L.L.C.)

1

83

4. Section 5.14 Borrower's Subsidiaries and Stockholdings:

Continental Holdings Company, an Oklahoma corporation ("CHC")
(100% of capital stock owned by Borrower)
Continental Hydrocarbons, L.L.C., an Oklahoma limited
liability company (99% of interests owned by Borrower, 1%
by CHC)
Continental Natural Gas Gathering, L.L.C., an Oklahoma
limited liability company (99% of interests owned by
Borrower, 1% by CHC)
Continental Gas Processing, L.L.C., an Oklahoma limited
liability company (99% of interests owned by Borrower, 1%
by CHC)
Continental Spearman Gas Processing, L.L.C., an Oklahoma
limited liability company (99% of interests owned by
Borrower, 1% by CHC)
Continental Laverne Gas Processing, L.L.C., an Oklahoma
limited liability company (99% of interests owned by
Borrower, 1% by CHC)
Continental/Taurus Holdings Company, L.L.C., an Oklahoma
limited liability company (100% of interests owned by
Borrower)
Continental/Taurus Acquisition Corp. a Delaware corporation
(100% of capital stock owned by C/T Holdings)
(To be merged into Taurus LP following acquisition)
Continental/Taurus Energy Company, L.P., a Delaware limited
partnership (1% general partnership interest owned by CHC,
99% limited partnership interest initially owned by C/T
Acquisition) (after C/T Acquisition/Taurus LP merger, to
be owned by C/T Holdings)
Continental Energy Services, L.L.C., an Oklahoma limited
liability company (99% of interests owned by Borrower, 1%
by CHC)

2

84

SCHEDULE 2

SECURITY SCHEDULE

1. Guaranty dated December 30, 1996 by Continental Hydrocarbons, Continental Gathering, Continental Processing and Continental Holdings Company ("CHC") in favor of ING Capital, individually and as Agent, as amended by First Amendment to Guaranty dated November 25, 1997.
2. Guaranty dated June 12, 1997 by Continental Laverne in favor of ING Capital, individually and as Agent, as amended by First Amendment to Guaranty dated November 25, 1997.
3. Guaranty dated July 1, 1997 by Continental Spearman in favor of ING Capital, individually and as Agent, as amended by First Amendment to Guaranty dated November 25, 1997.
4. Guaranty dated November 25, 1997 by C/T Holdings and C/T Acquisition in favor of ING Capital, individually and as Agent, with Ratification by Taurus LP to be delivered post-merger.

5. Security Agreement dated December 30, 1996 by each of Borrower, Continental Hydrocarbons, Continental Gathering, Continental Processing and CHC, in favor of ING Capital, individually and as Agent, covering all personal property, as amended by First Amendment to Security Agreement dated November 25, 1997.
6. Security Agreement dated June 12, 1997 by Continental Laverne in favor of ING Capital, individually and as Agent, covering all personal property, as amended by First Amendment to Security Agreement dated November 25, 1997.
7. Security Agreement dated July 1, 1997 by Continental Spearman in favor of ING Capital, individually and as Agent, covering all personal property, as amended by First Amendment to Security Agreement dated November 25, 1997.
8. Security Agreement dated November 25, 1997 by each of C/T Holdings and Taurus LP, in favor of ING Capital, individually and as Agent, covering all personal property, to be delivered post-merger by Taurus LP.
9. UCC-1 Financing Statements covering the collateral described in the foregoing Security Agreements, naming ING Capital, individually and as Agent, as secured party.
10. Pledge Agreement dated December 30, 1996 in favor of ING Capital, individually and as Agent, as amended by First Amendment to Pledge Agreement dated June 12, 1997, Second Amendment to Pledge Agreement dated July 1, 1997 and Third Amendment to Pledge Agreement dated November 25, 1997, by Borrower, CHC, C/T Holdings and

1

85

C/T Acquisition pledging all stock, partnership and ownership interests in the Subsidiaries.

11. UCC-1 Financing Statements covering the collateral described in the Pledge Agreement, naming ING Capital, individually and as Agent, as secured party.
12. Deed of Trust, Mortgage, Security Agreement, Fixture Filing and Financing Statement dated December 30, 1996 by Borrower, Continental Hydrocarbons, Continental Gathering and Continental Processing in favor of ING Capital, covering (i) the Beaver Plant and related gathering system and facilities, (ii) the Mocane Plant and related facilities and (iii) the Stand-Alone Gathering Systems, as amended by First Amendment to Deed of Trust dated November 25, 1997.
13. Deed of Trust, Mortgage, Security Agreement, Fixture Filing and Financing Statement dated June 12, 1997 by Continental Laverne in favor of ING Capital, covering the Laverne Plant and related gathering system and facilities.
14. Deed of Trust, Mortgage, Security Agreement, Fixture Filing and Financing Statement dated November 25, 1997 by Taurus LP in favor of ING Capital, covering (i) the Shackleford Plant and related gathering system and facilities, (ii) the Hamlin Plant and related gathering system and facilities, to be delivered post-merger.
15. UCC-1 Financing Statements covering the collateral described in the foregoing Mortgages, naming ING Capital, individually and as Agent, as secured party.

2

86

INSURANCE SCHEDULE

1

87

EXHIBIT A

REVOLVING CREDIT NOTE

\$25,000,000

New York, New York

November 25, 1997

FOR VALUE RECEIVED, the undersigned, Continental Natural Gas, Inc., an Oklahoma corporation (herein called "Borrower"), hereby promises to pay to the order of ING (U.S.) CAPITAL CORPORATION (herein called "Revolving Credit Lender"), the principal sum of Twenty-Five Million Dollars (\$25,000,000), or, if greater or less, the aggregate unpaid principal amount of the Revolving Credit Loans made under this Revolving Credit Note by Revolving Credit Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of the Agent under the Credit Agreement, 135 East 57th Street, New York, New York or at such other place within New York County, New York, as from time to time may be designated by the holder of this Revolving Credit Note.

This Revolving Credit Note (a) is issued and delivered under that certain Credit Agreement of even date herewith among Borrower, ING (U.S.) Capital Corporation, as Agent, and the lenders (including Revolving Credit Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Revolving Credit Note" as defined therein, (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events, and (c) is secured by and entitled to the benefits of certain Security Documents (as identified and defined in the Credit Agreement). Payments on this Revolving Credit Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein and to the Security Documents for a description of the nature and extent of the security thereby provided and the rights of the parties thereto.

For the purposes of this Revolving Credit Note, the following terms have the meanings assigned to them below:

"Base Rate Payment Date" means (i) the last day of each March, June, September and December, beginning December 31, 1997, and (ii) any day on which past due interest or principal is owed hereunder and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal hereon shall be deferred from one Base Rate Payment Date to another day, such other day shall also be a Base Rate Payment Date.

1

88

"Eurodollar Rate Payment Date" means, with respect to any Eurodollar Loan: (i) the day on which the related Interest Period ends (and, if such Interest Period is three months or longer, the three-month anniversary of the first day of such Interest Period), and (ii) any day on which past due interest or past due principal is owed hereunder with respect to such Eurodollar Loan and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal with respect to such Eurodollar Loan shall be deferred from one Eurodollar Rate Payment Date to another day, such other day shall also be a Eurodollar Rate Payment Date.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Revolving Credit Commitment Termination Date.

So long as no Default has occurred and is continuing, the Base Rate Loans from time to time outstanding shall bear interest on each day outstanding at the Base Rate in effect on such day. On each Base Rate Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Base Rate Loans to but not including such Base Rate Payment Date. So long as no Default has occurred and is continuing, each Eurodollar Loan shall bear interest on each day during the related Interest Period at the related Eurodollar Rate in effect on such day. On each Eurodollar Rate Payment Date relating to such Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Eurodollar Loan to but not including such Eurodollar Rate Payment Date. Upon the occurrence and during the continuance of a Default, the Base Rate Loans and the Eurodollar Loans shall bear interest on each day outstanding at the Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Revolving Credit Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Revolving Credit Note is limited by the Highest Lawful Rate (by the foregoing clause (a) or by reference to the Highest Lawful Rate in the definitions of Base Rate, Eurodollar Rate, and Default Rate), this Revolving Credit Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Revolving Credit Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable Law, may be charged on this Revolving Credit Note, and this Revolving Credit Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Revolving Credit Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Revolving Credit Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

2

89

Borrower and all endorsers, sureties and guarantors of this Revolving Credit Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Revolving Credit Note, protest, notice of protest, notice of intention to accelerate the maturity of this Revolving Credit Note, declaration or notice of acceleration of the maturity of this Revolving Credit Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Revolving Credit Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

THIS REVOLVING CREDIT NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

This Revolving Credit Note renews and extends (but does not extinguish or novate) those certain Revolving Credit Notes dated February 28, 1997 made by Borrower in the aggregate original principal amount of \$25,000,000, each of which is now payable to the order of ING (U.S.) Capital Corporation, as assignee, which Revolving Credit Notes in turn renewed and extended the indebtedness described therein.

By:

Garry D. Smith, Vice President - Controller

3

90

EXHIBIT B

TERM NOTE

\$75,000,000

New York, New York

November 25, 1997

FOR VALUE RECEIVED, the undersigned, Continental Natural Gas, Inc., an Oklahoma corporation (herein called "Borrower"), hereby promises to pay to the order of ING (U.S.) CAPITAL CORPORATION (herein called "Term Lender"), the principal sum of Seventy-Five Million Dollars (\$75,000,000), or, if greater or less, the aggregate unpaid principal amount of the Term Loans made under this Term Note by Term Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of the Agent under the Credit Agreement, 135 East 57th Street, New York, New York or at such other place within New York County, New York, as from time to time may be designated by the holder of this Term Note.

This Term Note (a) is issued and delivered under that certain Credit Agreement of even date herewith among Borrower, ING (U.S.) Capital Corporation, as Agent, and the lenders (including Term Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Term Note" as defined therein, (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events, and (c) is secured by and entitled to the benefits of certain Security Documents (as identified and defined in the Credit Agreement). Payments on this Term Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein and to the Security Documents for a description of the nature and extent of the security thereby provided and the rights of the parties thereto.

For the purposes of this Term Note, the following terms have the meanings assigned to them below:

"Base Rate Payment Date" means (i) the last day of each March, June, September and December, beginning December 31, 1997, and (ii) any day on which past due interest or principal is owed hereunder and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal hereon shall be deferred from one Base Rate Payment Date to another day, such other day shall also be a Base Rate Payment Date.

"Eurodollar Rate Payment Date" means, with respect to any Eurodollar Loan: (i) the day on which the related Interest Period ends (and, if such Interest Period is

1

91

three months or longer, the three-month anniversary of the first day of such Interest Period), and (ii) any day on which past due interest

or past due principal is owed hereunder with respect to such Eurodollar Loan and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal with respect to such Eurodollar Loan shall be deferred from one Eurodollar Rate Payment Date to another day, such other day shall also be a Eurodollar Rate Payment Date.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on December 31, 2002.

So long as no Default has occurred and is continuing, the Base Rate Loans from time to time outstanding shall bear interest on each day outstanding at the Base Rate in effect on such day. On each Base Rate Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Base Rate Loans to but not including such Base Rate Payment Date. So long as no Default has occurred and is continuing, each Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Eurodollar Rate in effect on such day. On each Eurodollar Rate Payment Date relating to such Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Eurodollar Loan to but not including such Eurodollar Rate Payment Date. Upon the occurrence and during the continuance of a Default, the Base Rate Loans and the Eurodollar Loans shall bear interest on each day outstanding at the Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Term Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Term Note is limited by the Highest Lawful Rate (by the foregoing clause (a) or by reference to the Highest Lawful Rate in the definitions of Base Rate, Eurodollar Rate, and Default Rate), this Term Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Term Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable Law, may be charged on this Term Note, and this Term Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Term Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Term Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

2

92

Borrower and all endorsers, sureties and guarantors of this Term Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Term Note, protest, notice of protest, notice of intention to accelerate the maturity of this Term Note, declaration or notice of acceleration of the maturity of this Term Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Term Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

THIS TERM NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

This Term Note renews, extends and increases (but does not extinguish or novate) those certain Term Notes dated February 28, 1997 made by Borrower in the aggregate original principal amounts of \$39,000,000, each of which is now

payable to the order of ING (U.S.) Capital Corporation, as assignee, which Term Notes in turn renewed and extended certain indebtedness described therein.

CONTINENTAL NATURAL GAS, INC.

By: _____
Garry D. Smith, Vice President - Controller

EXHIBIT C-1

BORROWING NOTICE

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

Borrower hereby requests a Borrowing of new Revolving Credit Loans to be advanced pursuant to Section 2.2(a) of the Agreement as follows:

<TABLE>	
<S>	<C>
Aggregate amount of Revolving Credit Loan Borrowing:	\$ _____
Type of Revolving Credit Loans in Borrowing:	_____
Date on which Revolving Credit Loans are to be advanced:	_____
Length of Interest Period for Eurodollar Loans (1, 2, 3 or 6 months):	_____ months
</TABLE>	

To induce Revolving Credit Lenders to make such Revolving Credit Loans, Borrower hereby represents, warrants, acknowledges, and agrees to and with Agent and each Lender that:

(a) The officer of Borrower signing this instrument is the duly elected, qualified and acting officer of Borrower as indicated below such officer's signature hereto having all necessary authority to act for Borrower in making the request herein contained.

(b) The representations and warranties of Restricted Persons set forth in the Agreement and the other Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement; nor will any such Default exist upon Borrower's receipt and application of the Advances requested hereby. Borrower will use the Revolving Credit Loans hereby requested in compliance with Section 2.4 of the Agreement.

(d) Except to the extent waived in writing as provided in Section 10.1(a) of the Agreement, Borrower and each of its Subsidiaries have performed and complied with

all agreements and conditions in the Agreement required to be performed or complied with by Borrower on or prior to the date hereof, and each of the conditions precedent to Revolving Credit Loans contained in the Agreement remains satisfied.

(e) The Revolving Credit Facility Usage, after the making of the Revolving Credit Loans requested hereby, will not be in excess of the Borrowing Base on the date requested for the making of such Revolving Credit Loans.

(f) The Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Agreement. The Agreement and the other Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____,

19__.

CONTINENTAL NATURAL GAS, INC.

By:

Name:

Title:

EXHIBIT C-2

REQUEST FOR TERM LOANS

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

Borrower hereby requests a Borrowing of Term Loans to be advanced pursuant to Section 2.2(b) of the Agreement as follows:

<TABLE>	
<S>	<C>
Aggregate amount of Term Loan Borrowing:	\$ _____
Type of Term Loans in Borrowing:	_____
Date on which Term Loans are to be advanced:	_____
Length of Interest Period for Eurodollar Loans (1, 2, 3 or 6 months):	_____ months
</TABLE>	

To induce Term Lenders to make such Term Loans, Borrower hereby represents, warrants, acknowledges, and agrees to and with Agent and each Lender that:

(a) The officer of Borrower signing this instrument is the duly elected, qualified and acting officer of Borrower as indicated below such officer's signature hereto having all necessary authority to act for Borrower in making the request herein contained.

(b) The representations and warranties of Borrower set forth in the Agreement and the other Loan Documents are true and correct on

and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement; nor will any such Default exist upon Borrower's receipt and application of the Advances requested hereby. Borrower will use the Term Loans hereby requested in compliance with Section 2.4 of the Agreement.

(d) Except to the extent waived in writing as provided in Section 10.1(a) of the Agreement, Borrower has performed and complied with all agreements and conditions in the Agreement required to be performed or complied with by Borrower on or prior

1

96

to the date hereof, and each of the conditions precedent to Term Loans contained in the Agreement remains satisfied.

(e) The Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Agreement. The Agreement and the other Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgements, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____,

19__.

CONTINENTAL NATURAL GAS, INC.

By: _____
Name:
Title:

2

97

EXHIBIT D

CONTINUATION/CONVERSION NOTICE

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

Borrower hereby requests a conversion or continuation of existing [Revolving Credit/Term] Loans into a new Borrowing pursuant to Section 2.3 of the Agreement as follows:

Existing Borrowing(s) to be continued or converted:

\$ _____ of Eurodollar Loans with Interest Period ending _____

\$ _____ of Base Rate Loans

<TABLE>	
<S>	<C>
Aggregate amount of new Borrowing:	\$ _____
Type of Loans in new Borrowing:	_____
Date of continuation or conversion:	_____
Length of Interest Period for Eurodollar Loans (1, 2, 3 or 6 months):	_____ months
</TABLE>	

To meet the conditions set out in the Agreement for such conversion/continuation, Borrower hereby represents, warrants, acknowledges, and agrees to and with Agent and each Lender that:

(a) The officer of Borrower signing this instrument is the duly elected, qualified and acting officer of Borrower as indicated below such officer's signature hereto having all necessary authority to act for Borrower in making the request herein contained.

(b) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement.

(c) The Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Agreement. The Agreement and the other Loan Documents are hereby ratified, approved, and confirmed in all respects.

1

98

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgements, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF this instrument is executed as of _____.

CONTINENTAL NATURAL GAS, INC.

By: _____
 Name:
 Title:

2

99

EXHIBIT E

CERTIFICATE ACCOMPANYING FINANCIAL STATEMENTS

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"), which Agreement is in full force and effect on the date hereof. Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

This Certificate is furnished pursuant to Section 6.2(b) of the Agreement. Together herewith Borrower is furnishing to Agent and each Lender Borrower's *[audited/unaudited] financial statements (the "Financial Statements") as at _____ (the "Reporting Date"). Borrower hereby

represents, warrants, and acknowledges to Agent and each Lender that:

(a) the officer of Borrower signing this instrument is the duly elected, qualified and acting _____ of Borrower and as such is Borrower's chief financial officer;

(b) the Financial Statements are accurate and complete and satisfy the requirements of the Agreement;

(c) attached hereto is a schedule of calculations showing Borrower's compliance as of the Reporting Date with the requirements of Sections 7.11 through 7.14 of the Agreement *[and Borrower's non-compliance as of such date with the requirements of Section(s) _____ of the Agreement];

(d) on the Reporting Date Borrower was, and on the date hereof Borrower is, in full compliance with the disclosure requirements of Section 5.4 of the Agreement, and no Default otherwise existed on the Reporting Date or otherwise exists on the date of this instrument *[except for Default(s) under Section(s) _____ of the Agreement, which *[is/are] more fully described on a schedule attached hereto].

(e) *[Unless otherwise disclosed on a schedule attached hereto,] The representations and warranties of Borrower set forth in the Agreement and the other Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

The officer of Borrower signing this instrument hereby certifies that he has reviewed the Loan Documents and the Financial Statements and has otherwise undertaken such inquiry as is in his opinion necessary to enable him to express an informed opinion with respect to the above representations, warranties and acknowledgments of Borrower and, to the best of his

100

knowledge, such representations, warranties, and acknowledgments are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, 19__.

CONTINENTAL NATURAL GAS, INC.

By: _____
Name:
Title:

101

EXHIBIT F

CONTINENTAL NATURAL GAS, INC.
BORROWING BASE REPORT
AS OF _____, 199__

<TABLE>	
<S> <C>	<C>
A. Total Accounts Receivable Billed	\$ _____

B. Less:	Accounts over 90 days past due	- _____
C.	Discounts, allowances, rebates, credits and adjustments	- _____
D.	Contra accounts, setoffs, defenses, counterclaims	- _____
E.	Amounts billed for retainage	- _____
F.	Accounts owed by insolvent account debtors or other excluded by Agent	- _____
G.	Accounts owed by Affiliates, officers or employees of Borrower or any Affiliate	- _____
H.	Accounts not subject to first Liens in favor of Agent	- _____
I.	Net Eligible Receivables	_____
J.	Times Advance Rate	x 80%
K.	Borrowing Base	\$ _____
L.	Revolving Credit Commitment	\$25,000,000
M.	Gross Availability (Lesser of Line K or Line L)	\$ _____
N.	Less Revolving Credit Facility Usage (Revolving Credit Loans and LC Obligations Outstanding)	[\$ _____]
O.	Remaining Availability (Line M minus Line N)	\$ _____

</TABLE>

1

102

*If Line O is a negative amount, Borrower will, within fifteen (15) days after Agent gives notice of such fact to Borrower, repay principal on the Revolving Credit Notes by such amount.

2

103

The undersigned certifies that the information presented here, and any financial statements presented in conjunction with this Borrowing Base Report, are true and correct. The undersigned further certifies that he/she is an officer of the corporation duly authorized to present such information for purposes of obtaining credit.

CONTINENTAL NATURAL GAS, INC.

By: _____
Name:
Title:

3

ENVIRONMENTAL COMPLIANCE CERTIFICATE

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"), which Agreement is in full force and effect on the date hereof. Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement. The undersigned, being the *[President/Chief Executive Officer] of Borrower, hereby certifies to Agent and Lenders as follows:

1. For the Fiscal Year ending immediately prior to the date hereof, Borrower has complied and is complying with Section 5.12 of the Credit Agreement *[except as set forth in Schedule I attached hereto];

2. To the best knowledge of the undersigned after due inquiry, Borrower and each of its Subsidiaries are on the date hereof in compliance with all applicable Environmental Laws, noncompliance with which could cause a Material Adverse Change;

3. Borrower has taken (and continues to take) steps to minimize the generation of potentially harmful effluents;

4. Borrower is in the process of establishing an ongoing program of conducting an internal audit of each operating facility of Borrower to identify actual or potential environmental liabilities which could cause a Material Adverse Change; and

5. Borrower is in the process of establishing an ongoing program of training its employees in issues of environmental, health and safety compliance, and Borrower presently has one or more individuals in charge of implementing such training program.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry and consultation with the operating officers of Borrower, the above representations, warranties, acknowledgments, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____,

19__.

CONTINENTAL NATURAL GAS, INC.

By: _____
Name:
Title:

LETTER OF CREDIT APPLICATION AND AGREEMENT

[Attach ING Letter of Credit Application and Agreement]

EXHIBIT I

OPINION OF ALBRIGHT & RUSHER, A PROFESSIONAL CORPORATION
COUNSEL FOR RESTRICTED PERSONS

[Attach form of Opinion]

1

107

EXHIBIT J

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date _____, _____

Reference is made to that certain Amended and Restated Credit Agreement dated as of November 25, 1997 (as from time to time amended, the "Agreement"), by and among Continental Natural Gas, Inc., ("Borrower"), ING (U.S.) Capital Corporation, as Agent, and certain financial institutions ("Lenders"), which Agreement is in full force and effect on the date hereof. Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

_____ ("Assignor") and _____ ("Assignee")
hereby agree as follows:

1. Assignor hereby sells and assigns to Assignee without recourse and without representation or warranty (other than as expressly provided herein), and Assignee hereby purchases and assumes from Assignor, that interest in and to all of Assignor's rights and duties under the Agreement as of the date hereof which represents the percentage interest specified in Item 3 of Annex I hereto (the "Assigned Share") of all of the outstanding rights and obligations of all Lenders under the Agreement, including, without limitation, all rights and obligations with respect to the Assigned Share in Assignor's Loans and Notes. After giving effect to such sale and assignment, Assignee's Percentage Share (and Assignor's remaining Percentage Share) will be as set forth in Item 3 of Annex I hereto.

2. Assignor: (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Agreement, the other Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement, the other Loan Documents or any other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower, any of its Subsidiaries, any other Restricted Person or the performance or observance by any of them of any of their respective obligations under the Agreement, the other Loan Documents, or any other instrument or document furnished pursuant thereto.

3. Assignee: (i) confirms that it has received a copy of the Agreement, together with copies of the financial statements most recently delivered thereunder and such other Loan Documents and other documents and information as it has deemed appropriate to make its own analysis of Borrower and the transactions contemplated by the Agreement and its own independent decision to enter into this Assignment and Assumption Agreement; (ii) agrees that it will, independently and without reliance upon Assignor or any other Bank Party and based

1

on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement; (iii) confirms that it is a an Eligible Transferee under the Agreement; (iv) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Agreement and the other Loan Documents as are specifically delegated to them, together with all other powers reasonably incidental thereto; and (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Agreement are required to be performed by it as a Lender (including the obligation to make future Loans). [; and (vi) attaches the "Prescribed Forms" described in Section 3.6(d) of the Agreement.]

4. Following the execution of this Assignment and Assumption Agreement by Assignor and Assignee, an executed original hereof (together with all attachments) will be delivered to Agent. The effective date of this Assignment and Assumption Agreement (the "Settlement Date") shall be the date specified in Item 4 of Annex I hereto; provided that this Assignment and Assumption Agreement shall not be deemed to have taken effect unless (i) the consent hereto of Agent and Borrower has been obtained (to the extent required in the Agreement), (ii) Agent has received a fully executed original hereof, and (iii) Agent has received the processing fee (if required) which is referred to in Section 10.5(c) (ii) of the Agreement.

5. Upon the satisfaction of the foregoing conditions, then as of the Settlement Date: (i) Assignee shall be a party to the Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents and (ii) Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its duties under the Agreement and the other Loan Documents.

6. All interest, fees and other amounts that would otherwise accrue pursuant to the Agreement and Assignor's Notes for the account of Assignor from and after the Settlement Date shall, instead accrue for the account of, and be payable to, Assignor and Assignee, as the case may be, in accordance with their respective interests as reflected in Item 3 to Annex I hereto. All payments of principal that would otherwise be payable from and after the Settlement Date to or for the account of Assignor pursuant to the Agreement and Assignor's Notes shall, instead, be payable to or for the account of Assignor and Assignee, as the case may be, in accordance with their respective interests as reflected in Item 3 to Annex I hereto. On the Settlement Date, Assignee shall pay to Assignor an amount specified by Assignor in writing which represents the portion of Assignor's Loans which is being assigned and which is outstanding on the Settlement Date, net of any closing costs. Assignor and Assignee shall make any appropriate adjustments in payments under the Agreement for periods prior to the Settlement Date directly between themselves on the Settlement Date.

7. Each of the parties to this Assignment and Assumption Agreement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Assignment and Assumption Agreement.

2

8. This Assignment and Assumption Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Assignment and Assumption Agreement, as of the date first above written, such execution also being made on Annex I hereto.

[NAME OF ASSIGNOR], as Assignor

By: _____
Title:

[NAME OF ASSIGNEE], as Assignee

By: _____
Title:

CONSENTED TO AND ACKNOWLEDGED:

ING (U.S.) CAPITAL CORPORATION, as Agent

By: _____
Title:

ANNEX FOR ASSIGNMENT AND ASSUMPTION AGREEMENT

ANNEX I

- 1. Borrower: Continental Natural Gas, Inc.
- 2. Date of Assignment Agreement:
- 3. Amounts (as of date of item #2 above):

	Assignor (as Revised)	Assignee (New)
a. Percentage Share	_____ %	_____ %
b. Percentage Share of Maximum Loan Amount:	\$ _____	\$ _____

4. Settlement Date:

5. Notices:

ASSIGNEE:

Attention:
Telephone:
Telecopy:

6. Wiring Instructions:

CONTINENTAL NATURAL GAS, INC. CAUTIONARY FACTORS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage such disclosures without the threat of litigation providing those statements are identified as forward-looking and are accompanied by meaningful, cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the statement. Forward-looking statements have been and will be made in written documents and oral presentations of Continental Natural Gas, Inc. (the "Company"). Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used in the Company's documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "objective" and similar expressions are intended to identify forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- o Increased competition in the natural gas marketing industries, including effects of: decreasing margins as a result of competitive pressures; industry restructuring initiatives; transmission system operation and/or administration initiatives; recovery of investments made under traditional regulation; nature of competitors entering the industry; and new pricing structures.
- o Changing market conditions and a variety of other factors associated with physical energy and financial trading activities including, but not limited to, price, basis, credit, liquidity, volatility, capacity, transmission, currency, interest rate and warranty risks;
- o Risks associated with price risk management strategies intended to mitigate exposure to adverse movement in the prices of natural gas on both a global and regional basis;
- o Economic conditions including inflation rates and monetary fluctuations;
- o Trade, monetary, fiscal, taxation, and environmental policies of government, agencies and similar organizations in geographic areas where the Company has a financial interest;
- o Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;

- o Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and exchange Commission, the Federal Energy Regulatory Commission, state public utility commissions, state entities which regulate natural gas transmission, gathering and processing and similar entities with regulatory oversight;

2

- o Availability or cost of capital such as changes in: interest rates, market perceptions of the energy-related industries, the Company or any of its subsidiaries or security ratings;
- o Factors affecting operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;
- o Employee workforce factors including changes in key executives, collective bargaining agreements with union employees, or work stoppages;
- o Policies or procedures of regulatory entities;
- o Social attitudes regarding the natural gas and power industries;
- o Identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions;
- o Some future project investments made by the Company could take the form of minority interests, which would limit the Company's ability to control the development or operation of the project;
- o Legal and regulatory delays and other unforeseeable obstacles associated with mergers, acquisitions and investments in joint ventures;
- o Costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters, including but not limited to those described in the Company's initial Registration Statement on Form S-1 filed with the SEC on April 24, 1997, as amended.
- o Other business or investment considerations that may be disclosed from time to time in the Company's Securities and Exchange Commission filings or in other publicly disseminated written documents.

The Company undertakes no obligation to publicly update or revise any

forward-looking statements, whether as a result of new information, future events or otherwise.