

5. Mortgagor will pay all taxes now or hereafter to accrue against any of said premises and all other taxes or assessments, general or special, lawfully levied against him on said property which might become a lien thereon before such taxes become delinquent; that he will during the life of this deed of trust and chattel mortgage keep said property, and each and every part thereof, free, clear and discharged from all liens, charges, encumbrances or assessments which may or might become superior or co-ordinate to the lien of this instrument.

6. Mortgagor will at all times maintain workmen's compensation insurance in a responsible insurance company in accordance with the laws of the State of Texas.

7. In the event Mortgagor shall fail or neglect to pay any taxes, general or special, or shall fail or neglect to relieve said property from any lien which may or might become superior or co-ordinate to the lien of this deed of trust and chattel mortgage, or fail to carry such workmen's compensation insurance, the Trustee, at his option, or Mortgagor, at its option, may pay such taxes, liens, charges or encumbrances, or any part thereof, or effect said workmen's compensation insurance.

8. Mortgagor will operate or, to the extent that the right of operation is vested in others, will exercise his best efforts to require the operator to operate the mortgaged property and all wells drilled thereon and that may hereafter be drilled thereon, continuously and in a good workmanlike manner in accordance with the best usage of the field and in accordance with all laws of the State of Texas and the United States, as well as all rules, regulations and laws of any governmental agency having jurisdiction to regulate the manner in which the operation of the mortgaged property covered hereby shall be carried on, and will comply with all terms and conditions of the leases he now holds for any of the mortgaged property or any assignment or contract obligating the Mortgagor in any way with respect to said mortgaged property, but nothing herein shall be construed to empower the Mortgagor to bind the Trustee to any contract obligation, or render the Trustee in any way responsible or liable for bills or obligations incurred by the Mortgagor.

9. Mortgagor will carry in standard insurance companies satisfactory to the Mortgagee or holder of said indebtedness hereby secured, public liability and property damage insurance, as well as insurance against loss or damage by fire, lightning, tornado and explosion, all in amounts satisfactory to the holder of the indebtedness hereby secured.

10. Mortgagor agrees to promptly pay all bills for labor and materials incurred in the operation of said property.

11. Mortgagor will promptly pay his share of all costs and expenses incurred under any joint operating agreement affecting the mortgaged property or any portion thereof and will furnish Mortgagee, as and when requested, full information as to the status of any joint account maintained with others under any such operating agreement and will not enter into any new operating agreement or amendment of existing operating agreement affecting the mortgaged property without prior written consent of the Mortgagee.

12. Mortgagor will permit Mortgagee and its accredited agents, representatives, attorneys and employees at all times to go upon, examine, inspect and remain on the mortgaged property, and to go upon the derrick floor of any well at any time drilled, or being drilled thereon, and will furnish to Mortgagee on request all pertinent information in regard to the development and operation of the mortgaged property.

13. Promptly upon receipt of a request from mortgagee, Mortgagor will furnish and deliver complete or supplemental abstracts of title, as the case may be, prepared by competent abstracters and covering title to the real property herein mortgaged from the sovereignty of the soil to the latest practicable date and should Mortgagor fail to furnish such abstracts upon such request, Mortgagee may obtain such abstracts and any and all costs incurred thereby and shall be payable by Mortgagor upon demand at Abilene, Texas. Any such abstracts shall be and constitute a part of the mortgaged property, as above defined.

14. If Mortgagor is a corporation, it will maintain its corporate existence and will maintain and procure all necessary corporate franchises and permits to the end that Mortgagor shall be and continue in good standing in the state of its incorporation and in the state wherein the mortgaged property is located, with full power and authority to own and operate all of the mortgaged property as contemplated herein until this mortgage shall have been fully satisfied.

15. Mortgagor for himself, his heirs, successors and assigns hereby expressly waives any and all rights or privileges of marshalling of assets or sale in inverse order of alienation in the event of foreclosure of the lien or liens created herein.

ARTICLE V RESPECTING FORECLOSURE AND OTHER REMEDIES

1. In case of default in the prompt payment of the indebtedness hereby secured, or any part thereof, principal or interest, as the same shall become due and payable, or in the event of failure by Mortgagor to observe, keep or perform any of his covenants herein contained, then and in any such event the whole of the principal of the indebtedness hereby secured, together with all interest accrued thereon, may at the option of the holder of said indebtedness be declared immediately due and payable, and Trustee is hereby authorized and empowered, and it shall be his special duty at the request of the holder of said indebtedness, to sell all property, rights, title and interests above described, which property is in this deed of trust sometimes referred to collectively as "mortgaged property", as a whole or in lots or parcels as Trustee may deem proper, to the highest bidder or bidders for cash, at the courthouse door of any county where the mortgaged property or any part thereof may be situated, at public outcry, between the hours of ten o'clock a.m. and four o'clock p.m. on the first Tuesday in any month, after having given notice of such sale by posting written or printed notice at three public places in each of the counties where said property or any part thereof is situated, one of which shall be at the courthouse door of each of said counties, and all of which notices shall designate the county where said property will be sold and shall be posted for at least three consecutive weeks prior to the date of sale, and after such sale to make the purchaser or purchasers hereunder good and sufficient deeds and assignments in the name of Mortgagor herein, conveying said property so sold to the purchaser or purchasers with general warranty of title. Sale of a part of the property covered hereby shall not exhaust the power of sale, but sales may be made from time to time until all property be sold or the indebtedness hereby secured be paid in full. It shall not be necessary to have present, or to exhibit at any such sale, any of the personal property subject to the lien hereof.

2. Trustee is authorized to receive the proceeds of said sale or sales and apply the same as follows:

FIRST: To the payment of all necessary costs and expenses incident to the execution of said trust, including, but not limited to, a fee to the Trustee of 5% to be estimated upon the amount realized at the sale.

SECOND: To any and all indebtedness then hereby secured, application to be made in such order and in such manner as the holder of said indebtedness may, in his discretion elect.

THIRD: The balance, if any, to Mortgagor or his assigns.

3. In the event of the death of said John A. Wright, or his removal from the County of Taylor, State of Texas, or his failure, refusal or inability for any reason to make any such sale or to perform any of the trusts herein declared, then the holder of said indebtedness may appoint, in writing, a substitute trustee, who shall thereupon succeed to all the estates, rights, powers and trusts herein granted to and vested in said Trustee. In the same events as first above stated, and in the same manner, successive substitute trustees may thereafter be appointed.

4. It is agreed that in any deed or deeds given by any trustee or substitute trustee, duly appointed hereunder, any and all statements of fact or other recitals therein made as to the identity of the holder or holders of the indebtedness hereby secured, or as to default in the payments hereof or any part thereof, or as to the breach of any covenants herein contained, or as to the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, application and distribution of the money realized therefrom, or as to the due and proper appointment of a substitute trustee, and, without being limited by the foregoing, as to any other or additional act or thing having been done by Mortgagee or by any other holder of said indebtedness or by said Trustee or substitute trustee, shall be taken by all Courts of law and equity as prima facie evidence that the said statements or recitals state facts and are without further question to be so accepted; and Mortgagor does hereby ratify and confirm any and all acts that said Trustee, or any substitute trustee, may lawfully do in the premises by virtue of the terms and conditions of this instrument.

5. The holder of said indebtedness may, at its election, or the Trustee, may upon written request of the holder of said indebtedness, proceed by suit or suit, at law or in equity, to enforce the payment of said indebtedness in accordance with the terms hereof and of the note or notes evidencing it, and to foreclose the lien of this deed of trust as against all or any portion of the mortgaged property and to have said property sold under the judgment or decree of a court of competent jurisdiction.

6. It is expressly understood that the holder of said indebtedness, or said Trustee, may be a purchaser of the property hereby mortgaged, or of any part thereof, at any sale thereof, whether such sale be under the power of sale hereinabove vested in said Trustee or upon any other foreclosure of the lien hereof, or otherwise; and the holder of said indebtedness or Trustee so purchasing shall, upon any such purchase, acquire good title to the mortgaged property so purchased, free of the lien of these presents and free of all rights of redemption in Mortgagor.

7. The rights of entry, sale or suit, as hereinabove conferred, are cumulative of all other rights and remedies herein or by law or in equity provided, and shall not be deemed to deprive the holder of said indebtedness or Trustee of any such other legal or equitable rights or remedies, by judicial proceedings or otherwise, appropriate to enforce the conditions, covenants and terms of this deed of trust and of said note, and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

ARTICLE VI ASSIGNMENT OF PRODUCTION

As additional security for the payment of all indebtedness secured hereby, and in addition to the conveyance to the Trustee herein made, Mortgagor does hereby transfer, assign, deliver and convey unto Mortgagee, its successors and assigns all of the oil, gas and other minerals produced, stored and sold from the mortgaged property and attributable to the interest of Mortgagee therein subsequent to 7:00 o'clock a.m. on the first day of the first month following default hereunder, together with the proceeds of any sale thereof, and Mortgagee hereby directs any purchaser now or hereafter taking any production from said premises to pay to Mortgagee such proceeds derived from the sale thereof and to continue to make such payments until notified in writing by Mortgagee to discontinue the same; and the purchaser of any such production shall not be required to see to the application of the proceeds thereof by Mortgagee and payment made to Mortgagee shall be binding and conclusive as between such purchaser and Mortgagor.

Should any purchaser taking the production from the mortgaged property fail to make payment promptly to Mortgagee, in accordance with this assignment, then Mortgagee shall have the right to demand a change of connection and to designate another purchaser with whom a new connection may be made, without any liability on the part of Mortgagee in making such selection, so long as ordinary care is used in the making thereof, and failure of Mortgagor to consent to and promptly effect such change of connection shall constitute an event of default hereunder and the whole indebtedness secured hereby may be immediately declared due and payable, at the option of Mortgagee, and the mortgaged property shall become subject to foreclosure proceedings hereunder.

Mortgagor authorizes and empowers Mortgagee to receive, hold and collect all sums of money paid to Mortgagee in accordance with this assignment and to apply the same as hereinafter provided, all without any liability or responsibility on the part of Mortgagee, save and except as to good faith in so receiving and applying said sums. All payments provided for in this assignment shall be paid promptly to Mortgagee, and any provisions contained in any note or notes evidencing said indebtedness or any part thereof to the contrary notwithstanding, Mortgagee may apply the same or so much thereof as it elects to the payment of the indebtedness secured hereby, application to be made in such manner as it may elect, regardless of whether the application so made shall exceed the payments of principal and interest then due as provided in the note or notes evidencing such indebtedness. After such application has been so made by Mortgagee, the balance of any such payment or payments remaining shall be paid to Mortgagor.

It is understood and agreed that should said payments provided for by this assignment be less than the sum or sums then due on said indebtedness, such sum or sums then due shall nevertheless be paid Mortgagee in accordance with the provisions of the note or notes or other instrument or instruments evidencing said indebtedness, and neither this assignment nor any provision hereof shall in any manner be construed to affect the terms and provisions of said note or notes or other instrument or instruments. Likewise, neither this assignment nor any provisions hereof shall in any manner be construed to affect the liens, rights, titles and remedies herein granted securing said indebtedness nor Mortgagor's liability therefor. The rights under this assignment are cumulative of all other rights, remedies and powers granted under this instrument and are cumulative of any other security which Mortgagee now holds or may hereafter hold to secure the payment of said indebtedness.

Upon payment in full of all indebtedness secured by this instrument, then the remainder of said proceeds, if any, held by the Mortgagee, shall be paid over to Mortgagor upon demand and a release of the interest hereby assigned will be made by Mortgagee to Mortgagor at his request and his expense.

ARTICLE VII MISCELLANEOUS

1. Any provision herein or in any of the papers that may be executed in connection herewith to the contrary notwithstanding, the holder of the indebtedness hereby secured shall in no event be entitled to receive or collect, nor shall or may any amounts received hereunder be credited so that holder of said