
**UNITED STATES
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): August 30, 2010 (August 27, 2010)

AMERICAN OIL & GAS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other Jurisdiction of
Incorporation)

1-31900

(Commission File Number)

88-0451554

(IRS Employer Identification No.)

1050 17th Street, Suite 2400 Denver, CO

(Address of Principal Executive Offices)

80265

(Zip Code)

Registrant's telephone number, including area code: **(303) 991-0173**

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 1.01 Entry into a Material Definitive Agreement

Execution of a \$30,000,000 Credit Agreement

On August 27, 2010, American Oil & Gas Inc. (the "Company") entered into a Credit Agreement (the "Credit Agreement") with the Hess Corporation ("Hess") in connection with the July 27, 2010 Agreement and Plan of Merger (the "Merger Agreement") by and between the Company, Hess and Hess Investment Corp., a wholly-owned subsidiary of Hess. Pursuant to the Credit Agreement, Hess has agreed to provide the Company a senior secured revolving credit facility pursuant to which Hess may make loans (each, a "Loan") to the Company in an aggregate amount not to exceed at any time \$30,000,000 between August 27, 2010 and the earliest of (i) February 28, 2011, (ii) the date on which any Termination Fee (as defined in the Merger Agreement) is payable by the Borrower in accordance with Section 8.3 of the Merger Agreement, (iii) the date on which any Expense Reimbursement (as defined in the Merger Agreement) is payable pursuant to Section 8.3(c)(iii) of the Merger Agreement as a result of a willful breach of the Merger Agreement, (iv) the date occurring 90 days after the date of termination of the Merger Agreement pursuant to Section 8.1 thereof and (v) the date that is five Business Days after the Effective Time (as defined in the Merger Agreement). Each Loan may be made only on the first and the fifteenth day of any month, shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof, and shall be due and payable to Hess thirty days after the borrowing of such Loan. Each Loan shall bear interest on the outstanding principal amount at the reserve adjusted one-month LIBOR Rate plus an initial margin of 3.00% per annum. Upon termination of the Merger Agreement, the margin rate adjusts proportionately to 3.50% on the date of termination, to 4.00% thirty days after the termination date, and to 4.50% sixty days after the termination date. The Loans and commitments outstanding under the Credit Agreement may be prepaid in whole or in part without premium or penalty other than LIBOR breakage costs. The Credit Agreement contains customary mandatory prepayment requirements with respect to asset sales, issuance of debt and equity and receipt of insurance proceeds. The Credit Agreement also has customary representations and warranties, affirmative and negative covenants and Events of Default, as well as customary conditions precedent to the extensions of credit.

The obligations owing pursuant to the Credit Agreement shall be secured by a perfected security interest on all existing and after-acquired property (tangible and intangible) of the Company, including without limitation, all accounts receivable, inventory, equipment, intellectual property, cash, deposit accounts (other than payroll accounts and any deposit account that has a principal balance less than \$200,000) and other personal property, all real property, whether owned or leased, including all oil and gas interests (but excluding the Company's oil and gas properties located in Wyoming and South Dakota), and a pledge of the capital stock of the Company's subsidiaries. The Company entered into the Security Agreement attached as Exhibit 2.2 hereto and the Mortgage, Security Agreement, Financing Statement and Assignment of Production attached as Exhibit 2.3 hereto to grant the security interests described above. In addition, on a post-closing basis, the Company will execute a springing Deposit Account Control Agreement with Hess and Wells Fargo Bank, National Association to grant Hess a security interest in its operating account and savings account.

If the Merger Agreement is terminated, the Company will be obligated to pay Hess a facility fee equal to 1.00% per annum (or 0.50% per annum if the Merger Agreement is terminated by the Company because of a breach of the Agreement by Hess) of the aggregate principal amount of the commitments under the Credit Agreement. In addition, in the event the Merger Agreement is terminated, commitment fees in the amount of 0.75% times the daily average unused portion of the Credit Agreement shall accrue from the date of termination.

The Company intends to use the net proceeds from any Loan borrowed pursuant to the Credit Agreement to help finance the Company's planned exploration and production activities and other working capital needs through the closing date of the Merger Agreement.

The Credit Agreement is described in this Current Report on Form 8-K and attached as Exhibit 2.1 hereto only to provide you with information regarding certain material terms and conditions and, except for its status as a contractual document that establishes and governs the legal relationship among the parties thereto, not to provide any other factual information regarding the Company, Hess or their respective businesses or the actual conduct of their respective businesses during the pendency of the Credit Agreement. You should not rely on the representations and warranties in the Credit Agreement as characterizations of the actual state of facts about the Company, Hess or any other person. Furthermore, you should not rely on the covenants in the Credit Agreement as actual limitations on the respective businesses of the Company and Hess, because either party may take certain actions that are either expressly permitted in the disclosure schedules to the Credit Agreement or as otherwise consented to by the appropriate party, which consent may be given without notice to the public.

The foregoing description of the Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the Credit Agreement, which is filed as Exhibit 2.1 hereto and is incorporated into this Current Report on Form 8-K by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information disclosed under Item 1.01 herein is hereby incorporated by reference into this Item 2.03.

IMPORTANT INFORMATION FOR INVESTORS AND STOCKHOLDERS

This communication is being made in respect of the proposed merger transaction involving Hess Corporation (“Hess”) and American Oil & Gas Inc. (“American”). In connection with the proposed transaction, Hess initially filed with the U.S. Securities and Exchange Commission (the “SEC”) on August 23, 2010 a registration statement on Form S-4 containing a preliminary proxy statement/prospectus. Each of Hess and American also plan to file other documents with the SEC regarding the proposed transaction. The proposed merger transaction involving Hess and American will be submitted to American’s stockholders for their consideration and a definitive proxy statement/prospectus will be mailed to American’s stockholders. **INVESTORS AND SECURITY HOLDERS OF AMERICAN ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS REGARDING THE PROPOSED TRANSACTION THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY DO AND WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and stockholders will be able to obtain free copies of the proxy statement/prospectus and other documents containing important information about Hess and American, once such documents are filed with the SEC, through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Hess will be available free of charge on Hess’ internet website at www.hess.com or by contacting Hess’ Corporate Secretary Department at 212-536-8602. Copies of the documents filed with the SEC by American will be available free of charge on American’s internet website at www.americanog.com or by contacting American’s Investor Relations Department at 303-449-1184.

Hess, American, their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies from the stockholders of American in connection with the proposed transaction. Information about the directors and executive officers of Hess is set forth in its proxy statement for its 2010 annual meeting of stockholders and in its annual report on Form 10-K, which were filed with the SEC on March 25, 2010 and February 26, 2010, respectively. Information about the directors and executive officers of American is set forth in its proxy statement for its 2010 annual meeting of stockholders and in its annual report on Form 10-K, as amended, which were filed with the SEC on May 14, 2010 and March 15, 2010 (as amended on March 29, 2010 and April 30, 2010), respectively. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

- | | |
|-------------|---|
| Exhibit 2.1 | Credit Agreement dated of August 27, 2010 between American Oil & Gas Inc. and Hess Corporation. |
| Exhibit 2.2 | Security Agreement dated as of August 27, 2010 and entered into by and among American Oil & Gas Inc. and each Additional Grantor and the Hess Corporation. |
| Exhibit 2.3 | Form of Mortgage, Security Agreement, Financing Statement and Assignment of Production from American Oil & Gas Inc. to Hess Corporation, dated effective as of August 27, 2010. |
| Exhibit 2.4 | Form of Loan Notice, Note, Form of Compliance Certificate and Solvency Certificate. |

SIGNATURE

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

Date: August 30, 2010

AMERICAN OIL & GAS INC.

By: /s/ Andrew P. Calerich
Andrew P. Calerich, President

INDEX TO EXHIBITS

Exhibit Number	Description
Exhibit 2.1	Credit Agreement dated of August 27, 2010 between American Oil & Gas Inc. and Hess Corporation.
Exhibit 2.2	Security Agreement dated as of August 27, 2010 and entered into by and among American Oil & Gas Inc. and each Additional Grantor and the Hess Corporation.
Exhibit 2.3	Form of Mortgage, Security Agreement, Financing Statement and Assignment of Production from American Oil & Gas Inc. to Hess Corporation, dated effective as of August 27, 2010.
Exhibit 2.4	Form of Loan Notice, Note, Form of Compliance Certificate and Solvency Certificate.

CREDIT AGREEMENT

Dated as of August 27, 2010

between

AMERICAN OIL & GAS INC.

and

HESS CORPORATION

TABLE OF CONTENTS

Section	Page
ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS	1
1.01 Defined Terms	1
1.02 Other Interpretive Provisions	13
1.03 Accounting Terms	14
1.04 Rounding	14
1.05 References to Agreements and Laws	14
1.06 Times of Day	14
ARTICLE II. THE COMMITMENT AND CREDIT EXTENSIONS	14
2.01 Loans	14
2.02 Borrowings of Loans	14
2.03 Intentionally Omitted	15
2.04 Prepayments	15
2.05 Termination or Reduction of Commitment	15
2.06 Repayment of Loans	16
2.07 Interest	16
2.08 Fees	17
2.09 Computation of Interest and Fees	17
2.10 Evidence of Debt	18
2.11 Payments Generally	18
2.12 Application of Proceeds of Collateral and Payments after Event of Default	18
ARTICLE III. TAXES, YIELD PROTECTION AND ILLEGALITY	19
3.01 Taxes	19
3.02 Illegality	20
3.03 Market Disruption Event	20
3.04 Increased Cost and Reduced Return; Capital Adequacy	20
3.05 Funding Losses	21
3.06 Requests for Compensation	21
3.07 Survival	21
ARTICLE IV. CONDITIONS PRECEDENT TO CREDIT EXTENSIONS	22
4.01 Conditions of Initial Credit Extension	22
4.02 Conditions to all Credit Extensions	25
ARTICLE V. REPRESENTATIONS AND WARRANTIES	26
5.01 Existence, Qualification and Power; Compliance with Laws	26
5.02 Authorization; No Contravention	26
5.03 Governmental Authorization; Other Consents	26
5.04 Binding Effect	27
5.05 Financial Statements; No Material Adverse Effect	27
5.06 Litigation	27
5.07 No Default	28
5.08 Title to Properties; Liens; Real Property; Intellectual Property	28
5.09 Insurance	28
5.10 Taxes	28

Section	Page
5.11 Subsidiaries	29
5.12 Margin Regulations; Investment Company Act; Public Utility Holding Company Act	29
5.13 Disclosure	29
5.14 Compliance with Laws	29
5.15 Solvency	30
5.16 Matters Relating to Collateral	30
5.17 Merger Agreement Representations and Warranties	30
5.18 Merger Agreement Obligations	30
ARTICLE VI. AFFIRMATIVE COVENANTS	31
6.01 Financial Statements	31
6.02 Certificates; Other Information	31
6.03 Notices	32
6.04 Payment of Obligations	33
6.05 Preservation of Existence, Etc.	33
6.06 Maintenance of Properties	33
6.07 Maintenance of Insurance	33
6.08 Compliance with Laws	35
6.09 Books and Records	35
6.10 Inspection Rights	35
6.11 Use of Proceeds	35
6.12 Further Assurances	35
6.13 Matters Relating to Additional Real Property Collateral	35
6.14 Deposit Accounts, Securities Accounts and Cash Management Systems	36
ARTICLE VII. NEGATIVE COVENANTS	36
7.01 Liens	36
7.02 Investments	37
7.03 Indebtedness	38
7.04 Fundamental Changes	39
7.05 Dispositions	39
7.06 Restricted Payments	40
7.07 Change in Nature of Business	40
7.08 Transactions with Affiliates	40
7.09 Burdensome Agreements	41
7.10 Use of Proceeds	41
7.11 Capital Expenditures	41
7.12 Subsidiaries	41
7.13 Intellectual Property	41
ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES	41
8.01 Events of Default	41
8.02 Remedies Upon Event of Default	43
8.03 Application of Funds	43
ARTICLE IX. MISCELLANEOUS	44
9.01 Amendments; Etc	44
9.02 Notices and Other Communications; Facsimile Copies	44
9.03 No Waiver; Cumulative Remedies	45
9.04 Attorney Costs, Expenses and Taxes	45

Section	Page
9.05 Indemnification by the Borrower	46
9.06 Payments Set Aside	46
9.07 Successors and Assigns	47
9.08 Confidentiality	49
9.09 Set-off	49
9.10 Interest Rate Limitation	50
9.11 Counterparts	50
9.12 Integration	50
9.13 Survival of Representations and Warranties	50
9.14 Severability	50
9.15 Governing Law	50
9.16 Waiver of Right to Trial by Jury	51
9.17 USA Patriot Act Notice	52
9.18 Release of Security Interest	52

SCHEDULES

4.01(g)	Closing Date Mortgaged Properties
5.05	Supplement to Interim Financial Statements
5.06	Litigation
5.08(b)	Real Property
5.11	Subsidiaries and Other Equity Investments
7.01	Existing Liens
7.03	Existing Indebtedness
9.02	Lending Office, Addresses for Notices

EXHIBITS

Form of

A	Loan Notice
B	Note
C	Compliance Certificate
D-1	Form of Opinion of Patton Boggs LLP
D-2	Form of Opinion of Vogel Law Firm
E	Security Agreement
F	Solvency Certificate

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of August 27, 2010, by and between AMERICAN OIL & GAS INC., a Nevada corporation (the "Borrower") and HESS CORPORATION (the "Lender").

WHEREAS, the Borrower has requested that the Lender provide a revolving credit facility, and the Lender is willing to do so on the terms and conditions set forth herein; and

WHEREAS, the Borrower desires to secure all of the Obligations hereunder and under the other Loan Documents by granting to the Lender, a first priority Lien on substantially all of its real, personal and mixed property, including a pledge of all of the capital stock of its Subsidiaries.

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

ARTICLE I. DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Additional Mortgaged Property" has the meaning set forth in Section 6.14(a).

"Additional Mortgages" has the meaning set forth in Section 6.14(a).

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Agreement” means this Credit Agreement.

“Applicable Rate” means, from time to time, the following percentages, based upon the applicable period as set forth below:

<u>Period</u>	<u>Eurodollar Rate</u>
From the date of the Agreement and prior to the termination of the Merger Agreement:	3.00%
On the date of termination of the Merger Agreement and prior to the date that is 30 days thereafter:	3.50%
On the date that is 30 days after the termination of the Merger Agreement and prior to the date that is 60 days thereafter:	4.00%
On the date that is 60 days after the termination of the Merger Agreement and at all times thereafter:	4.50%

“Asset Sale” means the sale by the Borrower or any of its Subsidiaries to any Person other than the Borrower or any of its wholly-owned Subsidiaries of (i) any of the stock of any of the Borrower’s Subsidiaries, (ii) substantially all of the assets of any division or line of business of the Borrower or any of its Subsidiaries, or (iii) any other assets (whether tangible or intangible) of the Borrower or any of its Subsidiaries (other than (a) inventory sold in the ordinary course of business and obsolete and worn out equipment that is no longer needed by the Borrower in the ordinary course of business, (b) cash equivalents, (c) sales, assignments, transfers or dispositions of accounts in the ordinary course of business for purposes of collection and (d) any such other assets to the extent that the aggregate value of such assets (other than real property interests) sold in any single transaction or related series of transactions is equal to \$25,000 or less).

“Attorney Costs” means and includes all fees, expenses and disbursements of any law firm or other external counsel and, without duplication, the allocated cost of internal legal services and all expenses and disbursements of internal counsel.

“Attributable Indebtedness” means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“Audited Financial Statements” means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2009, and the related consolidated statements of income or operations, Shareholders’ Equity and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

“Availability Period” means the period from and including the Closing Date until the Commitment Termination Date.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Lending Office is located and means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Capital Stock” means the capital stock of or other equity interests in a Person.

“Change of Control” means the occurrence of any event, transaction or occurrence, as a result of which any Person or “group” (within the meaning of Section 13(d) or 14(d) of Securities Exchange Act of 1934 (as amended from time to time, and any successor statute)) (other than the Lender or its Affiliates) shall directly or indirectly own or control the economic and voting rights associated with ownership of more than 35% of the outstanding Capital Stock of all classes of the Borrower on a fully diluted basis.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived by the Lender.

“Code” means the Internal Revenue Code of 1986.

“Closing Date Mortgaged Property” has the meaning set forth in Section 4.01(g)(i).

“Closing Date Mortgages” has the meaning set forth in Section 4.01(g)(i).

“Collateral” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“Collateral Account” has the meaning assigned to that term in the Security Agreement.

“Collateral Documents” means the Security Agreement, the Mortgages, the Control Agreements and all other instruments or documents delivered by the Borrower pursuant to this Agreement or any of the other Loan Documents in order to grant to the Lender a Lien on any real, personal or mixed property such Borrower as security for the Obligations.

“Commitment” means the obligation of the Lender to make Loans hereunder in an aggregate principal amount at any one time not to exceed \$30,000,000, as such amount may be adjusted from time to time in accordance with this Agreement.

“Commitment Termination Date” means the earliest of (i) February 28, 2011, (ii) the date on which any Termination Fee (as defined in the Merger Agreement) is payable by the Borrower in accordance with Section 8.3 of the Merger Agreement, (iii) the date on which any Expense Reimbursement (as defined in the Merger Agreement) is payable pursuant to Section 8.3(c)(iii) of the Merger Agreement as a result of a willful breach of the Merger Agreement, (iv) the date occurring 90 days after the date of termination of the Merger Agreement pursuant to Section 8.1 thereof and (v) the date that is five Business Days after the Effective Time (as defined in the Merger Agreement).

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” has the meaning specified in the definition of “Affiliate.”

“Control Agreement” means an agreement, satisfactory in form and substance to the Lender and executed by the financial institution or securities intermediary at which a Deposit Account or a Securities Account, as the case may be, is maintained, pursuant to which such financial institution or securities intermediary confirms and acknowledges the Lender’s security interest in such account, and agrees that the financial institution or securities intermediary, as the case may be, will comply with instructions originated by the Lender as to disposition of funds in such account, without further consent by the Borrower or any Subsidiary.

“Credit Extension” means a borrowing of a Loan.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate equal to (a) the Eurodollar Rate plus (b) the Applicable Rate plus (c) 2% per annum.

“Deposit Account” means a demand, time, savings, passbook or similar account maintained with a Person engaged in the business of banking, including a savings bank, savings and loan association, credit union or trust company.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Dollar” and “\$” mean lawful money of the United States.

“Eligible Assignee” has the meaning specified in Section 9.07(f).

“Eurodollar Base Rate” has the meaning specified in the definition of Eurodollar Rate.

“Eurodollar Rate” means for any Interest Period with respect to any Loan, a rate per annum determined by the Lender pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Eurodollar Base Rate” means, for such Interest Period:

(a) the rate per annum equal to the rate determined by the Lender to be the offered rate that appears on Reuters Screen LIBOR01 (or any successor thereto) (the “Screen Rate”) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Lender to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day applicable to the Lender under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“Event of Default” has the meaning specified in Section 8.01.

“First Priority” means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that (i) such Lien is perfected and has priority over any other Lien on such Collateral (other than Liens permitted pursuant to clauses Section 7.01) and (ii) such Lien is the only Lien (other than Liens permitted pursuant to Section 7.01) to which such Collateral is subject.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) capital leases and Synthetic Lease Obligations; and

(g) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

“Indemnified Liabilities” has the meaning specified in Section 9.05.

“Indemnitees” has the meaning specified in Section 9.05.

“Interest Payment Date” means, as to any Loan, the last day of each Interest Period applicable to such Loan, the date of prepayment of such Loan and the Maturity Date.

“Interest Period” means, as to each Loan, the period commencing on the date such Loan is disbursed and ending on the date one month thereafter; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period that begins 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 Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of capital stock or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRS” means the United States Internal Revenue Service.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Leasehold Property” means any leasehold interest of the Borrower as lessee under any lease of real property, other than any such leasehold interest designated from time to time by the Lender in its sole discretion as not being required to be included in the Collateral.

“Lending Office” means the office or offices of the Lender described as such on Schedule 9.02, or such other office or offices as the Lender may from time to time notify the Borrower.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

“Loan” has the meaning specified in Section 2.01.

“Loan Documents” means this Agreement, any Note and the Collateral Documents.

“Loan Notice” means a notice of a borrowing of a Loan, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

“Market Disruption Event” means:

(i) if, at or about noon on the Borrowing Date for the relevant Interest Period, the Screen Rate is not available; or

(ii) before close of business in New York on the Borrowing Date for the relevant Interest Period, the cost to the Lender of obtaining matching deposits in the London interbank Eurodollar market for the relevant Interest Period would be in excess of the Eurodollar Rate for such Interest Period or the Lender is unable to obtain funding in the London interbank Eurodollar market.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, assets, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party.

“Maturity Date” means, with respect to any Loan, the earliest of (a) the date that is 30 days after the borrowing of such Loan and (b) the Commitment Termination Date.

“Merger Agreement” means the Agreement and Plan of Merger, dated as of July 27, 2010, among Hess Corporation, Hess Investment Corp. and the Borrower.

“Mortgage” means (i) a security instrument (whether designated as a deed of trust or a mortgage or by any similar title) executed and delivered by the Borrower, in form and substance reasonably acceptable to the Lender in its sole discretion, in each case with such changes thereto as may be recommended by the Lender’s local counsel based on local laws or customary local mortgage or deed of trust practices, or (ii) at the Lender’s option, in the case of an Additional Mortgaged Property, an amendment to an existing Mortgage, in form satisfactory to the Lender, adding such Additional Mortgaged Property to the Real Property Assets encumbered by such existing Mortgage. “Mortgages” means all such instruments, including the Closing Date Mortgages and any Additional Mortgages, collectively.

“Net Asset Sale Proceeds”, with respect to any Asset Sale, means cash payments (including any cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received from such Asset Sale, net of any bona fide direct costs incurred in connection with such Asset Sale, including (i) income taxes reasonably estimated to be actually payable within two years of the date of such Asset Sale as a result of any gain recognized in connection with such Asset Sale and (ii) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Loans) that is (a) secured by a Lien on the stock or assets in question and that is required to be repaid under the terms thereof as a result of such Asset Sale and (b) actually paid at the time of receipt of such cash payment to a Person that is not an Affiliate of the Borrower or of any Affiliate of the Borrower.

“Net Insurance/Condemnation Proceeds” means any Cash payments or proceeds received by the Borrower or any of its Subsidiaries (i) under any insurance policy in respect of a covered loss thereunder or (ii) as a result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, in each case net of any actual and reasonable documented costs incurred by the Borrower or any of its Subsidiaries in connection with the adjustment or settlement of any claims of the Borrower or such Subsidiary in respect thereof.

“Net Securities Proceeds” means the cash proceeds (net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses) from the issuance of Capital Stock of or incurrence of Indebtedness by the Borrower or any of its Subsidiaries.

“Note” means a promissory note made by the Borrower in favor of the Lender evidencing Loans made by the Lender, substantially in the form of Exhibit B.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Outstanding Amount” means, with respect to Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

“Participant” has the meaning specified in Section 9.07(c).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Pledged Collateral” means, collectively, the “Pledged Collateral” as defined in the Security Agreement.

“Prime Lending Rate” means, for any day, the rate last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15(519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by Lender) or any similar release by the Federal Reserve Board (as determined by Lender).

“Real Property Asset” means, at any time of determination, any interest then owned by the Borrower in any real property.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer or assistant treasurer of the Borrower. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“Restricted” means, when referring to cash or Cash Equivalents of the Borrower or any of its Subsidiaries, that such cash or Cash Equivalents (i) appears (or would be required to appear) as “restricted” on a consolidated balance sheet of the Borrower or of any such Subsidiary (unless such appearance is related to the Loan Documents or Liens created thereunder), (ii) are subject to any Lien in favor of any Person other than the Lender or (iii) are not otherwise generally available for use by the Borrower or such Subsidiary.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other equity interest of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other equity interest or of any option, warrant or other right to acquire any such capital stock or other equity interest.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Securities Account” means an account to which a financial asset is or may be credited in accordance with an agreement under which the Person maintaining the account undertakes to treat the Person for whom the account is maintained as entitled to exercise the rights that comprise the financial asset.

“Security Agreement” means the Security Agreement executed and delivered on the Closing Date, substantially in the form of Exhibit E annexed hereto.

“Shareholders’ Equity” means, as of any date of determination, consolidated shareholders’ equity of the Borrower and its Subsidiaries as of that date determined in accordance with GAAP.

“Solvent”, with respect to any Person, means that as of the date of determination both (i)(a) the then fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liabilities on such Person’s then existing debts as they become absolute and due considering all financing alternatives and potential asset sales reasonably available to such Person; (b) such Person’s capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (c) such Person does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due; and (ii) such Person is “solvent” within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Event of Default” has the meaning specified in Section 8.02.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include the Lender or any Affiliate of the Lender).

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Threshold Amount” means \$750,000.

“UCC” shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

“United States” and “U.S.” mean the United States of America.

“Unrestricted” means, when referring to cash or cash equivalents of the Borrower or any of its Subsidiaries, that such cash or cash equivalents are not Restricted.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term “including” is by way of example and not limitation.

(iv) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms. (a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Lender shall so request, the Lender and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Lender), provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II. THE COMMITMENT AND CREDIT EXTENSIONS

2.01 Loans. Subject to the terms and conditions set forth herein, the Lender agrees to make loans (each such loan, a "Loan") to the Borrower from time to time, on any Business Day that is the first day or fifteenth day of any calendar month (or the immediately succeeding Business Day if such first or fifteenth day of any calendar month is not a Business Day) during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of the Commitment; provided, however, that after giving effect to any borrowing, the Outstanding Amount shall not exceed the Commitment. Within the limits of the Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01, prepay under Section 2.04, and reborrow under this Section 2.01.

2.02 Borrowings of Loans.

(a) Each borrowing shall be made upon the Borrower's irrevocable notice to the Lender, which may be given by telephone. Each such notice must be received by the Lender not later than 1:00 p.m. three Business Days prior to the requested date of any borrowing of a Loan. Notwithstanding anything to the contrary contained herein, but subject to the provisions of Section 9.02(d), any such telephonic notice may be given by an individual who has been authorized in writing to do so by a Responsible Officer of the Borrower. Each such telephonic notice must be confirmed promptly by delivery to the Lender of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each borrowing of a Loan shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) the requested date of the borrowing (which shall be a Business Day in accordance with Section 2.01) and (ii) the principal amount of the Loan to be borrowed.

(b) Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if a borrowing is the initial Credit Extension, Section 4.01), the Lender shall make the proceeds of each Loan available to the Borrower either by wire transfer of such proceeds in accordance with instructions provided to (and reasonably acceptable to) the Lender by the Borrower.

(c) The Lender shall promptly notify the Borrower of the interest rate applicable to any Interest Period for a Eurodollar Rate Loan upon determination of such interest rate. The determination of the Eurodollar Rate by the Lender shall be conclusive in the absence of manifest error.

2.03 Intentionally Omitted.

2.04 Prepayments.

(a) The Borrower may, upon notice to the Lender, at any time or from time to time voluntarily prepay any Loan in whole or in part without premium or penalty; provided that (i) such notice must be received by the Lender not later than 1:00 p.m. three Business Days prior to any date of prepayment of a Loan; (ii) any prepayment of a Loan shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Loan(s) to be prepaid. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05.

(b) If for any reason the Outstanding Amount at any time exceed the Commitment then in effect, the Borrower shall immediately prepay Loans in an aggregate amount equal to such excess.

2.05 Termination or Reduction of Commitment.

(a) The Borrower may, upon notice to the Lender, terminate the Commitment, or from time to time permanently reduce the Commitment, in each case, without prepayment premium; provided that (i) any such notice shall be received by the Lender not later than 1:00 p.m., five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$250,000 or any whole multiple of \$50,000 in excess thereof, and (iii) the Borrower shall not terminate or reduce the Commitment if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount would exceed the Commitment. All commitment fees and facility fees accrued until the effective date of any termination of the Commitment shall be paid on the effective date of such termination.

(b) Mandatory Prepayments and Mandatory Reductions of Revolving Loan Commitments. The Loans shall be prepaid and/or the Commitment shall be permanently reduced in the amounts and under the circumstances set forth below:

(i) No later than the date of receipt by the Borrower or any Subsidiary of any Net Asset Sale Proceeds in respect of any Asset Sale, the Borrower shall prepay the Loans and/or the Revolving Loan Commitment Amount shall be permanently reduced in an aggregate amount equal to 50% of such Net Asset Sale Proceeds, or if the Merger Agreement has been terminated, 100% of such Net Asset Sale Proceeds;

(ii) No later than the first Business Day following the date of receipt by the Lender or by the Borrower or any Subsidiary of any Net Insurance/Condemnation Proceeds that are required to be applied to prepay the Loans and/or reduce the Commitment pursuant to the provisions of Section 6.07, the Borrower shall prepay the Loans and/or the Commitment shall be permanently reduced in an aggregate amount equal to the amount of such Net Insurance/Condemnation Proceeds;

(iii) On the date of receipt of the Net Securities Proceeds from the issuance of any Capital Stock of the Borrower or of any Subsidiary of the Borrower after the Closing Date, the Borrower shall prepay the Loans and/or the Commitment shall be permanently reduced in an aggregate amount equal to such Net Securities Proceeds; and

(iv) On the date of receipt of the Net Securities Proceeds from the issuance of any Indebtedness of the Borrower or any of its Subsidiaries after the Closing Date the Borrower shall prepay the Loans and/or the Commitment shall be permanently reduced in an aggregate amount equal to such Net Securities Proceeds.

(c) Concurrently with any prepayment of the Loans and/or reduction of the Commitment pursuant to clause (b) of this Section 2.05, a Responsible Officer of the Borrower shall deliver to the Lender a certificate demonstrating the calculation of the amount of the applicable Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Net Securities Proceeds, as the case may be, that gave rise to such prepayment and/or reduction. In the event that Borrower shall subsequently determine that the actual amount was greater than the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans (and/or, if applicable, the Commitment shall be permanently reduced) in an amount equal to the amount of such excess, and a Responsible Officer of the Borrower shall concurrently therewith deliver to the Lender a certificate demonstrating the derivation of the additional amount resulting in such excess.

2.06 Repayment of Loans. The Borrower shall repay to the Lender on the Maturity Date the aggregate principal amount of Loans outstanding on such date.

2.07 Interest.

(a) Subject to the provisions of subsection (b) below, each Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate.

(b) If any amount payable by the Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Furthermore, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.08 Fees.

(a) **Commitment Fee.** Upon the termination of the Merger Agreement, the Borrower shall pay to the Lender a commitment fee equal to 0.75% per annum times the actual daily amount by which the Commitment exceeds the Outstanding Amount. The commitment fee shall accrue at all times on or after the date of termination of the Merger Agreement and during the Availability Period, and shall be due and payable monthly in arrears on the first Business Day of each calendar month, commencing with the first such date to occur after the termination of the Merger Agreement, and on the Commitment Termination Date. The commitment fee shall be calculated monthly in arrears.

(b) **Facility Fee.** Upon the termination of the Merger Agreement, the Borrower shall pay to the Lender a facility fee equal to 1.00% per annum (or 0.50% percent per annum if the Merger Agreement has been terminated by the Borrower pursuant to Section 8.1(f) thereof) times the actual daily amount of the Commitment (or, if the Commitment has terminated, the Outstanding Amount), regardless of usage. The facility fee shall accrue on and after the termination of the Merger Agreement and at all times during the Availability Period (and thereafter so long as any Loans remain outstanding), and shall be due and payable monthly in arrears on the first Business Day of each calendar month, commencing with the first such date to occur after the termination of the Merger Agreement, and on the Commitment Termination Date (and, if applicable, thereafter on demand). The facility fee shall be calculated monthly in arrears.

2.09 Computation of Interest and Fees. All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.11(a), bear interest for one day.

2.10 Evidence of Debt. The Credit Extensions made by the Lender shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of business. The accounts or records maintained by the Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lender to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. Upon the request of the Lender, the Borrower shall execute and deliver to the Lender a Note, which shall evidence the Lender's Loans in addition to such accounts or records. The Lender may attach schedules to the Note and endorse thereon the date, type, amount and maturity of each Loan and payments with respect thereto.

2.11 Payments Generally.

(a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Lender at the applicable Lending Office in Dollars and in immediately available funds not later than 3:00 p.m. on the date specified herein. All payments received by the Lender after 3:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Nothing herein shall be deemed to obligate the Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by the Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.12 Application of Proceeds of Collateral and Payments after Event of Default.

Upon the occurrence and during the continuation of an Event of Default, or upon acceleration of the Obligations, (a) all payments received by the Lender, whether from the Borrower or otherwise, and (b) all proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral under any Collateral Document may, in the discretion of the Lender, be held by the Lender as Collateral for, and/or (then or at any time thereafter) applied in full or in part by the Lender, in each case in the following order of priority:

(i) to the payment of all costs and expenses of such sale, collection or other realization, all other expenses, liabilities and advances made or incurred by the Lender in connection therewith, and all amounts for which the Lender is entitled to compensation (including the fees described in subsection 2.08), reimbursement and indemnification under any Loan Document and all advances made by the Lender thereunder for the account of the Borrower, and to the payment of all costs and expenses paid or incurred by the Lender in connection with the Loan Documents, all in accordance with the terms of this Agreement and the Loan Documents;

(ii) thereafter, to the payment of all other Obligations for the ratable benefit of the holders thereof, in such order as Lender may determine in its sole discretion; and

(iii) thereafter, to the payment to or upon the order of the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

**ARTICLE III.
TAXES, YIELD PROTECTION AND ILLEGALITY**

3.01 Taxes.

(a) Any and all payments by the Borrower to or for the account of the Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding taxes imposed on or measured by its overall net income, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Lender is organized or maintains a lending office (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within 30 days after the date of such payment, the Borrower shall furnish to the Lender the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as "Other Taxes").

(c) If the Borrower shall be required to deduct or pay any Taxes or Other Taxes from or in respect of any sum payable under any Loan Document to the Lender, the Borrower shall also pay to the Lender, at the time interest is paid, such additional amount that the Lender specifies is necessary to preserve the after-tax yield (after factoring in all taxes, including taxes imposed on or measured by net income) that the Lender would have received if such Taxes or Other Taxes had not been imposed.

(d) The Borrower agrees to indemnify the Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Lender, (ii) amounts payable under Section 3.01(c) and (iii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Payment under this subsection (d) shall be made within 30 days after the date the Lender makes a demand therefor.

3.02 Illegality. If the Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Lender or its Lending Office to make, maintain or fund Loans, or to determine or charge interest rates based upon the Eurodollar Rate, then, on notice thereof by the Lender to the Borrower, any obligation of the Lender to make Loans shall be suspended until the Lender notifies the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from the Lender, prepay either on the last day of the Interest Period therefor, if the Lender may lawfully continue to maintain such Loans to such day, or immediately, if the Lender may not lawfully continue to maintain such Loans. Upon any such prepayment, the Borrower shall also pay accrued interest on the amount so prepaid or converted. The Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of the Lender, otherwise be materially disadvantageous to the Lender.

3.03 Market Disruption Event.

(a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on such Loan for the relevant Interest Period shall be the rate per annum which is the sum of:

(i) the Applicable Margin; and

(ii) the Prime Lending Rate.

3.04 Increased Cost and Reduced Return; Capital Adequacy.

(a) If the Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law, or the Lender's compliance therewith, there shall be any increase in the cost to the Lender of agreeing to make or making, funding or maintaining Loans, or a reduction in the amount received or receivable by the Lender in connection with the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which the Lender is organized or has its Lending Office, and (iii) reserve requirements utilized in the determination of the Eurodollar Rate), then from time to time upon demand of the Lender, the Borrower shall pay to the Lender such additional amounts as will compensate the Lender for such increased cost or reduction.

(b) If the Lender determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof, or compliance by the Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of the Lender or any corporation controlling the Lender as a consequence of the Lender's obligations hereunder (taking into consideration its policies with respect to capital adequacy and the Lender's desired return on capital), then from time to time upon demand of the Lender, the Borrower shall pay to the Lender such additional amounts as will compensate the Lender for such reduction.

3.05 Funding Losses. Upon demand of the Lender from time to time, the Borrower shall promptly compensate the Lender for and hold the Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any payment or prepayment of any Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by the Borrower (for a reason other than the failure of the Lender to make a Loan) to prepay or borrow any Loan on the date or in the amount notified by the Borrower, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by the Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lender under this Section 3.05, the Lender shall be deemed to have funded each Loan at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

3.06 Requests for Compensation. A certificate of the Lender claiming compensation under this Article III and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Lender may use any reasonable averaging and attribution methods.

3.07 Survival. All of the Borrower's obligations under this Article III shall survive termination of the Commitment and repayment of all other Obligations hereunder.

ARTICLE IV.
CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

4.01 Conditions of Initial Credit Extension. The obligation of the Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent unless waived by Lender:

(a) The Lender's receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the Borrower, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date), unless otherwise noted herein, and each in form and substance reasonably satisfactory to the Lender and its legal counsel:

(i) executed counterparts of this Agreement and, other than a Note, each other Loan Document, sufficient in number for distribution to the Lender and the Borrower;

(ii) if requested by the Lender, a Note executed by the Borrower;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrower as the Lender may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which the Borrower is a party;

(iv) such documents and certifications as the Lender may reasonably require to evidence that the Borrower is duly organized or formed, and that the Borrower is validly existing, in good standing and qualified to engage in business in its jurisdiction of organization and in each other jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(v) a favorable opinion of Patton Boggs LLP, counsel to the Borrower, addressed to the Lender, as to the matters set forth in Exhibit D-1 and such other matters concerning the Borrower and the Loan Documents as the Lender may reasonably request;

(vi) a certificate of a Responsible Officer of the Borrower either (A) attaching copies of all material consents, licenses and approvals required in connection with the execution, delivery and performance by the Borrower and the validity against the Borrower of the Loan Documents to which it is a party, and such material consents, licenses and approvals shall be in full force and effect, or (B) stating that no such material consents, licenses or approvals are so required;

(vii) a certificate signed by a Responsible Officer of the Borrower certifying (A) that the conditions specified in Sections 4.02(a) and (b) have been satisfied unless waived by Lender and (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;

(viii) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect and the Lender has been named as additional insured and/or loss payee thereunder;

(ix) (A) the corporate organizational structure, capital structure and ownership of the Borrower and its Subsidiaries and the structure utilized to consummate the merger of the Borrower into a wholly owned Subsidiary of Hess Corporation pursuant to the Merger Agreement and the definitive documentation relating thereto, including the Merger Agreement, shall be reasonably satisfactory to the Lender, (B) such definitive documentation shall have been executed and delivered by all parties thereto and shall be in full force and effect and in compliance in all material respects with applicable laws and regulations, (C) such definitive documentation shall be delivered to the Lender and certified by a Responsible Officer of the Borrower and (D) the Borrower shall be, and a Responsible Officer of the Borrower shall certify to the Lender that the Borrower is, in compliance with all such definitive documentation;

(x) the Borrower shall have delivered to the Lender a certificate of a Responsible Officer, in form and substance satisfactory to the Lender, to the effect that the representations and warranties in Article V are true, correct and complete in all material respects on and as of the Closing Date to the same extent as though made on and as of that date (or, to the extent such representations and warranties specifically relate to an earlier date, that such representations and warranties were true, correct and complete in all material respects on and as of such earlier date) and that the Borrower shall have performed in all material respects all agreements and satisfied all conditions which this Agreement provides shall be performed or satisfied by it on or before the Closing Date except as otherwise disclosed to and agreed to in writing by the Lender; provided that, if a representation and warranty, covenant or condition is qualified as to materiality, the applicable materiality qualifier set forth above shall be disregarded with respect to such representation and warranty, covenant or condition for purposes of this condition; and

(xi) on the Closing Date, the Lender shall have received a certificate from a Responsible Officer of the Borrower dated the Closing Date, substantially in the form of Exhibit F annexed hereto and with appropriate attachments, in each case demonstrating that, after giving effect to the consummation of the transactions contemplated by the Loan Documents, the Borrower will be Solvent; and

(xii) such other assurances, certificates, documents, consents or opinions as the Lender reasonably may require.

(b) Any fees required to be paid on or before the Closing Date shall have been paid.

(c) The Borrower shall have paid all Attorney Costs of the Lender to the extent invoiced prior to or on the Closing Date.

(d) There shall not be pending or threatened any action, suit, investigation, litigation or proceeding in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(e) The Borrower shall have obtained all material Governmental Authorizations and all consents of other Persons, in each case that are necessary in connection with the transactions contemplated by the Loan Documents and the continued operation of the business conducted by the Borrower and its Subsidiaries in substantially the same manner as conducted prior to the Closing Date. Each such Governmental Authorization and consent shall be in full force and effect, except in a case where the failure to obtain or maintain a Governmental Authorization or consent, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. All applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the transactions contemplated by the Loan Documents or the financing thereof. No action, request for stay, petition for review or rehearing, reconsideration, or appeal with respect to any of the foregoing shall be pending, and the time for any applicable Government Authority to take action to set aside its consent on its own motion shall have expired.

(f) The Lender shall have received evidence satisfactory to it that the Borrower and its Subsidiaries shall have taken or caused to be taken all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments, and made or caused to be made all such filings and recordings (other than the filing or recording of items described in clauses (ii), (iii) and (iv) below) that may be necessary or, in the opinion of the Lender, desirable in order to create in favor of the Lender, a valid and (upon such filing and recording) perfected First Priority security interest in the entire personal and mixed property Collateral. Such actions shall include the following:

(i) Stock Certificates and Instruments. Delivery to the Lender of (a) certificates (which certificates shall be accompanied by irrevocable undated stock powers, duly endorsed in blank and otherwise satisfactory in form and substance to the Lender) representing all Capital Stock pledged pursuant to the Security Agreement and (b) all promissory notes or other instruments (duly endorsed, where appropriate, in a manner satisfactory to the Lender) evidencing any Collateral;

(ii) Lien Searches and UCC Termination Statements. Delivery to the Lender of (a) the results of a recent search, by a Person satisfactory to the Lender, of all effective UCC financing statements and fixture filings and all judgment and tax lien filings which may have been made with respect to any personal or mixed property of the Borrower, together with copies of all such filings disclosed by such search, and (b) duly completed UCC termination statements, and authorization thereof from the applicable secured party, as may be necessary to terminate any effective UCC financing statements or fixture filings disclosed in such search (other than any such financing statements or fixture filings in respect of Liens permitted to remain outstanding pursuant to the terms of this Agreement).

(iii) UCC Financing Statements and Fixture Filings. Delivery to the Lender of duly completed UCC financing statements and, where appropriate, fixture filings, with respect to all personal and mixed property Collateral of the Borrower, for filing in all jurisdictions as may be necessary to perfect the security interests created in such Collateral pursuant to the Collateral Documents;

(iv) Control Agreements. Delivery to the Lender of Control Agreements with financial institutions and other Persons in order to perfect Liens in respect of Deposit Accounts, Securities Accounts and other Collateral pursuant to the Collateral Documents;

(g) The Lender shall have received from the Borrower:

(i) Closing Date Mortgages. Fully executed and notarized Mortgages (each a “Closing Date Mortgage” and, collectively, the “Closing Date Mortgages”), in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering each Real Property Asset listed in Schedule 4.01(g) annexed hereto (each a “Closing Date Mortgaged Property” and, collectively, the “Closing Date Mortgaged Properties”);

(ii) Opinions of Local Counsel. An opinion of counsel (which counsel shall be reasonably satisfactory to the Lender) in each state in which a Closing Date Mortgaged Property is located with respect to the enforceability of the form(s) of Closing Date Mortgages to be recorded in such state and such other matters as the Lender may reasonably request, in each case in form and substance reasonably satisfactory to the Lender and substantially in the form of Exhibit D-2; and

(iii) Title Documentation. Any real estate or title documentation requested by Lender that Borrower has in its records or in its possession with respect to any Closing Date Mortgaged Property.

(h) The Merger Agreement shall not have been terminated.

(i) The Closing Date shall have occurred on or before August 27, 2010.

4.02 Conditions to all Credit Extensions. The obligation of the Lender to make any Credit Extension is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01; provided that, if a representation and warranty, covenant or condition is qualified as to materiality, the applicable materiality qualifier set forth above shall be disregarded with respect to such representation and warranty, covenant or condition for purposes of this condition.

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension.

(c) The Lender shall have received a Loan Notice in accordance with the requirements hereof.

(d) The aggregate amount of Unrestricted cash and cash equivalents owned or held by the Borrower and its Subsidiaries (i) determined before giving pro forma effect to such proposed Credit Extension and the application of proceeds therefrom and from any other Unrestricted cash and cash equivalents on hand shall not exceed \$15,000,000 and (ii) determined after giving pro forma effect to such proposed Credit Extension and the application of proceeds therefrom and from any other Unrestricted cash and cash equivalents on hand (to the extent such proceeds and/or other Unrestricted cash and cash equivalents are actually utilized by the Borrower and/or any Subsidiary of the Borrower on the date of the incurrence of such Loan for a permitted purpose under this Agreement other than an investment in cash equivalents) shall not exceed \$25,000,000.

Each Loan Notice submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a), (b) and (d) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE V. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

5.01 Existence, Qualification and Power; Compliance with Laws. The Borrower (a) is a corporation, partnership or limited liability company duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all material requisite governmental licenses, authorizations, consents and approvals to, in each case, (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all Laws; except in each case referred to in clause (b)(i), (c) or (d), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Contravention. The execution, delivery and performance by the Borrower of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, (i) any material Contractual Obligation to which such Person is a party or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any material applicable Law.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower of this Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of the Borrower, enforceable against such in accordance with its terms, subject to the effect of any bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or equity).

5.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited consolidated financial statements of the Borrower and its Subsidiaries dated March 31, 2010, and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments. Schedule 5.05 sets forth all material indebtedness and other liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the date of such financial statements, including liabilities for taxes, material commitments and Indebtedness.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation. Except as set forth in Schedule 5.06, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Subsidiaries or against any of their properties or revenues that (a) purport to adversely affect this Agreement or any other Loan Document, or any of the transactions contemplated hereby, or (b) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect. Further, except as set forth in Schedule 5.06, there is no action being taken by any Governmental Authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated by the Merger Agreement, nor, except as set forth in Schedule 5.06, does there exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing materially adverse conditions upon the transactions contemplated by the Merger Agreement.

5.07 No Default. Neither the Borrower nor any Subsidiary is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Title to Properties; Liens; Real Property; Intellectual Property. (a) Each of the Borrower and each Subsidiary has good, valid and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Borrower and its Subsidiaries is subject to no Liens, other than Liens permitted by Section 7.01.

(b) Except for the Closing Date Mortgaged Properties and the Specified Properties (as defined in the Merger Agreement), as of the Closing Date, Schedule 5.08(b) annexed hereto contains a true, accurate and complete list of (i) all fee interests in any Real Property Assets and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Property Asset, regardless of whether the Borrower is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment. Except as specified in Schedule 5.08(b) annexed hereto, each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and the Borrower does not have knowledge of any default that has occurred and is continuing thereunder, and each such agreement constitutes the legally valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

(c) The Borrower and its Subsidiaries do not own, license or otherwise possess the valid right to use any federally registered intellectual property, including without limitation, trademarks, service marks, trade names, copyrights, patents, patent rights, franchises and licenses or any material non-federally registered intellectual property (excluding software licenses in the ordinary course of business).

5.09 Insurance. The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates.

5.10 Taxes. The Borrower and its Subsidiaries have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise that are due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Subsidiaries. The Borrower has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.11 and has no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.11.

5.12 Margin Regulations; Investment Company Act; Public Utility Holding Company Act.

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 7.01 or Section 7.05 or subject to any restriction contained in any agreement or instrument between the Borrower and the Lender or any Affiliate of the Lender relating to Indebtedness and within the scope of Section 8.01(e) will be margin stock.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary (i) is a “holding company,” or a “subsidiary company” of a “holding company,” or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company,” within the meaning of the Public Utility Holding Company Act of 1935, or (ii) is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

5.13 Disclosure. The Borrower has disclosed to the Lender all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of the Borrower to the Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.14 Compliance with Laws. Each of the Borrower and each Subsidiary is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.15 Solvency. The Borrower is and, upon the incurrence of any Obligations by the Borrower on any date on which this representation is made, will be, Solvent.

5.16 Matters Relating to Collateral.

(a) No authorization, approval or other action by, and no notice to or filing with, any Government Authority is required for either (i) the pledge or grant by the Borrower of the Liens purported to be created in favor of the Lender pursuant to any of the Collateral Documents or (ii) the exercise by the Lender of any rights or remedies in respect of any Collateral (whether specifically granted or created pursuant to any of the Collateral Documents or created or provided for by applicable law), except for filings or recordings contemplated by the Collateral Documents and except as may be required, in connection with the disposition of any Pledged Collateral, by laws generally affecting the offering and sale of securities.

(b) Except such as may have been filed in favor of the Lender as contemplated by the Collateral Documents and to evidence permitted lease obligations and other Liens permitted pursuant to subsection 7.01, no effective UCC financing statement, fixture filing or other instrument similar in effect covering all or any part of the Collateral is on file in any filing or recording office.

(c) The pledge of the Pledged Collateral pursuant to the Collateral Documents does not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(d) All information supplied to the Lender by or on behalf of the Borrower with respect to any of the Collateral (in each case taken as a whole with respect to any particular Collateral) is accurate and complete in all material respects.

5.17 Merger Agreement Representations and Warranties. The representations and warranties set forth in Sections 3.14 and 3.18 of the Merger Agreement (such agreement as in effect on the date hereof, without giving effect to any amendments, restatements, supplements or any other modifications thereto) were true and correct in all material respects at the time as of which such representations and warranties were made (or deemed made) and shall be true and correct in all respects as of the date hereof as if such representations or warranties were made on and as of such date (it being understood and agreed that any such representation or warranty which by its terms is made as of a specified date shall be true and correct in all respects as of such specified date).

5.18 Merger Agreement Obligations. The Borrower has satisfied all of its obligations under the Merger Agreement, which obligations are to be performed prior to the date on which this representation is made.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as the Commitment shall be in effect, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied the Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03 and 6.11) cause each Subsidiary to:

6.01 Financial Statements. Deliver to the Lender, in form and detail satisfactory to the Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Hein & Associates, LLP or an independent certified public accountant of nationally recognized standing reasonably acceptable to the Lender, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting the financial condition, results of operations, Shareholders' Equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 6.02(d), the Borrower shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in subsections (a) and (b) above at the times specified therein.

6.02 Certificates; Other Information. Deliver to the Lender, in form and detail satisfactory to the Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event;

(b) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(c) promptly after any request by the Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them;

(d) promptly after any request by the Lender and the same are available, copies of each annual report, proxy or financial statement or other material reports or communications sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Lender pursuant hereto; and

(e) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Lender may from time to time reasonably request.

6.03 Notices. Promptly notify the Lender:

(a) of the occurrence of any Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower or any Subsidiary in excess of \$250,000 or for which such breach could reasonably be expected to result in a Material Adverse Effect; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority in excess of \$250,000 or for which such breach could reasonably be expected to result in a Material Adverse Effect; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary in excess of \$250,000 or for which such breach could reasonably be expected to result in a Material Adverse Effect;

(c) of any material change in accounting policies or financial reporting practices by the Borrower or any Subsidiary; and

(d) of the occurrence or anticipated occurrence thereof, notice of any event that would give rise to a prepayment and/or reduction of Commitments under Section 2.05.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except where the failure to so pay or perform would not reasonably be expected to result in a Material Adverse Effect.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all permits, licenses and franchises necessary in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties. (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.07 Maintenance of Insurance. Maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance (it being understood that as of the Closing Date, the Borrower does not carry business interruption insurance) and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses the Borrower and its Subsidiaries as may customarily be carried or maintained under similar circumstances by corporations of established reputation engaged in similar businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for corporations similarly situated in the industry. Without limiting the generality of the foregoing, the Borrower will maintain or cause to be maintained replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times satisfactory to the Borrower in its commercially reasonable judgment. Each such policy of insurance shall (a) name the Lender as an additional insured thereunder as its interests may appear and (b) in the case of each business interruption and casualty insurance policy, contain a loss payable clause or endorsement, satisfactory in form and substance to the Lender, that names the Lender as the loss payee thereunder for any covered loss and provides for at least 30 days prior written notice to the Lender of any modification or cancellation of such policy.

Upon receipt by the Borrower or any of its Subsidiaries of any business interruption insurance proceeds constituting Net Insurance/Condemnation Proceeds, (a) so long as no Event of Default or Default shall have occurred and be continuing, the Borrower or such Subsidiary may retain and apply such Net Insurance/Condemnation Proceeds for working capital purposes, and (b) if an Event of Default or Default shall have occurred and be continuing, the Borrower shall apply an amount equal to such Net Insurance/Condemnation Proceeds to prepay the Loans (and/or the Commitment shall be reduced) as provided in Section 2.05.

Upon receipt by the Borrower or any of its Subsidiaries or by the Lender as loss payee of any Net Insurance/Condemnation Proceeds other than from business interruption insurance:

(a) So long as no Event of Default or Default shall have occurred and be continuing, the Lender, if it received such Net Insurance/Condemnation Proceeds, shall deliver them to the Borrower, and the Borrower shall, or shall cause one or more of its Subsidiaries to, promptly and diligently apply any such Net Insurance/Condemnation Proceeds to pay or reimburse the costs of repairing, restoring or replacing the assets in respect of which such Net Insurance/Condemnation Proceeds were received or, to the extent not so applied after 180 days, to prepay the Loans (and/or the Commitment shall be reduced) as provided in Section 2.05:

(b) if the aggregate amount of Net Insurance/Condemnation Proceeds received (and reasonably expected to be received) exceeds \$250,000, so long as no Event of Default or Default shall have occurred and be continuing, the Lender, if it received such Net Insurance/Condemnation Proceeds, shall hold such Net Insurance/Condemnation Proceeds, and the Borrower shall deliver any such Net Insurance/Condemnation Proceeds that it or one or more of its Subsidiaries received to the Lender to be held, in the Collateral Account pursuant to the terms of the Security Agreement and, so long as the Borrower or any of its Subsidiaries proceeds diligently to repair, restore or replace the assets of the Borrower or such Subsidiary in respect of which such Net Insurance/Condemnation Proceeds were received, the Lender shall from time to time disburse to the Borrower or such Subsidiary from the Collateral Account, to the extent of any such Net Insurance/Condemnation Proceeds remaining therein in respect of the applicable covered loss, amounts necessary to pay the cost of such repair, restoration or replacement after the receipt by the Lender of invoices or other documentation reasonably satisfactory to the Lender relating to the amount of costs so incurred and the work performed (including, if required by the Lender, lien releases and architects' certificates); and

(c) if at any time (1) an Event of Default or Default shall have occurred and be continuing or (2) the Lender reasonably determines (A) that such repair, restoration or replacement cannot be completed with the Net Insurance/Condemnation Proceeds, together with funds otherwise available to the Borrower for such purpose, or (B) that such repair, restoration or replacement cannot be completed within 180 days after the receipt by the Borrower and/or the Lender of such Net Insurance/Condemnation Proceeds, the Lender, if it holds such Net Insurance/Condemnation Proceeds, is hereby authorized by the Borrower to, and the Borrower, if it or one of its Subsidiaries holds such Net Insurance/Condemnation Proceeds, shall, apply such Net Insurance/Condemnation Proceeds to prepay the Loans (and/or the Commitment shall be reduced) as provided in Section 2.05.

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

6.10 Inspection Rights. Permit representatives and independent contractors of the Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice (but not less than 2 days prior notice) to the Borrower; provided, however, that so long as no Event of Default has occurred and is continuing, Lender shall only be allowed to exercise its inspection rights hereunder once per calendar month and thereafter, when an Event of Default exists and is continuing, the Lender (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

6.11 Use of Proceeds. Use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

6.12 Further Assurances. The Borrower will at its own expense make, execute, endorse, acknowledge, file and/or deliver to the Lender from time to time such schedules, confirmatory assignments, financing statements, transfer endorsements, and, after an Event of Default, powers of attorney, certificates, reports, control agreements and other assurances or instruments reasonably requested by Lender which are necessary to perfect the security interests granted to the Lender in the Collateral on the Closing Date or with respect to any new Collateral acquired by the Borrower, necessary to grant a security interest to the Lender and perfect such security interest granted to the Lender in such Collateral.

6.13 Matters Relating to Additional Real Property Collateral.

From and after the Closing Date, in the event that (i) the Borrower acquires any fee interest in real property or any material Leasehold Property (any such non-excluded Real Property Asset described in the foregoing clause (i) or (ii) being an "Additional Mortgaged Property"), the Borrower shall deliver to the Lender, as soon as practicable after the Borrower acquires such Additional Mortgaged Property, as the case may be, a fully executed and notarized Mortgage (an "Additional Mortgage"), in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering the interest of the Borrower in such Additional Mortgaged Property; and such opinions, appraisal, documents, title insurance, environmental reports that would have been delivered on the Closing Date if such Additional Mortgaged Property were a Closing Date Mortgaged Property or that may be reasonably required by the Lender.

6.14 Deposit Accounts, Securities Accounts and Cash Management Systems.

The Borrower shall, and shall cause each of its Subsidiaries to, use and maintain its Deposit Accounts, Securities Accounts, and cash management systems in a manner reasonably satisfactory to the Lender. The Borrower shall not permit any of such Deposit Accounts and Securities Accounts (excluding any payroll accounts) at any time to have a principal balance in excess of \$200,000 unless the Borrower or such Subsidiary, as the case may be, has (i) executed and delivered to the Lender a Control Agreement; and (ii) taken all other steps necessary to ensure that the Lender has a perfected security interest in such account; provided that, if the Borrower or such Subsidiary is unable to obtain a Control Agreement from the financial institution at which the Deposit Account or Securities Account is maintained, the Borrower shall, or shall cause such Subsidiary to, transfer all amounts in the applicable account to an account maintained at a financial institution from which the Borrower or such Subsidiary has obtained a Control Agreement.

ARTICLE VII. NEGATIVE COVENANTS

So long as the Commitment shall be in effect, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied the Borrower shall not, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens granted pursuant to the Collateral Documents;

(b) Liens existing on the date hereof and listed on Schedule 7.01 and any renewals or extensions thereof, provided that the property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.03(b);

(c) Liens for taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business or imposed by law which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) deposits to secure the performance of tenders, bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, zoning ordinances, reservations, title exceptions, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h) or securing appeal or other surety bonds related to such judgments;

(i) Liens securing Indebtedness permitted under Section 7.03(e); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(j) Liens securing obligations (other than obligations representing Indebtedness for borrowed money) under operating, reciprocal easement or similar agreements entered into in the ordinary course of business of the Borrower and its Subsidiaries;

(k) prior to the termination of the Merger Agreement, Liens permitted under the Merger Agreement; and

(l) after the termination of the Merger Agreement, other Liens not specifically listed above securing obligations not to exceed \$200,000 in the aggregate outstanding at any time.

7.02 Investments. Make any Investments, except:

(a) Investments held by the Borrower or such Subsidiary in the form of cash equivalents or short-term marketable debt securities;

(b) advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed \$200,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;

(c) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(d) Guarantees permitted by Section 7.03;

(e) Investments of the Borrower in Tower American Corporation in an amount not to exceed \$300,000 per month for general administrative and payroll purposes;

(f) prior to the termination of the Merger Agreement, Investments permitted under the Merger Agreement; and

(g) after the termination of the Merger Agreement, other Investments in an aggregate amount not to exceed \$500,000 outstanding at any time.

7.03 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof and listed on Schedule 7.03 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder; provided, further, that Indebtedness subordinated to the Obligations may not be refinanced except on subordination terms at least as favorable to the Lender and no more restrictive on the Borrower than the subordinated Indebtedness being refinanced, and in an amount not less than the amount outstanding at the time of refinancing;

(c) Guarantees of the Borrower in respect of Indebtedness otherwise permitted hereunder of the Borrower;

(d) obligations (contingent or otherwise) of the Borrower or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) Indebtedness of the Borrower to any Subsidiary Guarantor; provided that (i) a security interest in all such intercompany Indebtedness shall have been granted to the Lender and (ii) if such intercompany Indebtedness is evidenced by a promissory note or other instrument, such promissory note or instrument shall have been pledged to the Lender pursuant to the Security Agreement;

(f) Indebtedness of Tower American Corporation to the Borrower;

(g) Indebtedness permitted under the Merger Agreement, to the extent incurred prior to the termination of the Merger Agreement; and

(h) after the termination of the Merger Agreement, other Indebtedness not to exceed \$250,000.

7.04 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary of the Borrower may be merged with or into the Borrower, or be liquidated, wound up or dissolved, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to the Borrower; provided that, in the case of such a merger, the Borrower shall be the continuing or surviving Person;

(b) the Borrower and its Subsidiaries may sell or otherwise dispose of assets in transactions that do not constitute Asset Sales; provided that the consideration received for such assets shall be in an amount at least equal to the fair market value thereof;

(c) the Borrower and its Subsidiaries may dispose of obsolete, worn out or surplus property in the ordinary course of business;

(d) in order to resolve disputes that occur in the ordinary course of business, the Borrower and its Subsidiaries may discount or otherwise compromise for less than the face value thereof, notes or accounts receivable;

(e) the Borrower or a Subsidiary may sell or dispose of shares of Capital Stock of any of its Subsidiaries in order to qualify members of the governing body of the Subsidiary if required by applicable law;

(f) any Person may be merged with or into the Borrower any Subsidiary if the acquisition of the Capital Stock of such Person by the Borrower or such Subsidiary would have been permitted pursuant to subsection 7.02; provided that (a) in the case of the Borrower, the Borrower shall be the continuing or surviving Person, (b) if a Subsidiary is not the surviving or continuing Person, the surviving Person becomes a Subsidiary and complies with the provisions of Section 6.12 and (c) no Default or Event of Default shall have occurred or be continuing after giving effect thereto; and

(g) prior to the termination of the Merger Agreement, any such fundamental changes permitted under the Merger Agreement.

7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to the Borrower or to a wholly-owned Subsidiary;

(e) Dispositions permitted by Section 7.04;

(f) Dispositions expressly permitted or required pursuant to Section 5.1 of the Merger Agreement; and

(g) prior to the termination of the Merger Agreement, Dispositions permitted under the Merger Agreement;

provided, however, that any Disposition pursuant to clauses (a) through (g) shall be for fair market value.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may make Restricted Payments to the Borrower and to wholly-owned Subsidiaries (and, in the case of a Restricted Payment by a non-wholly-owned Subsidiary, to the Borrower and any Subsidiary and to each other owner of capital stock or other equity interests of such Subsidiary on a pro rata basis based on their relative ownership interests); and

(b) prior to the termination of the Merger Agreement, the Borrower and each Subsidiary may make Restricted Payments as may be permitted under the Merger Agreement.

7.07 Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.08 Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to transactions between or among the Borrower and any of its wholly-owned Subsidiaries or between and among any wholly-owned Subsidiaries.

7.09 Burdensome Agreements. Enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments to the Borrower or to otherwise transfer property to the Borrower, (ii) of any Subsidiary to Guarantee the Indebtedness of the Borrower or (iii) of the Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person; provided, however, that this clause (iii) shall not prohibit any negative pledge incurred or provided in favor of any holder of Indebtedness permitted under Section 7.03(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person.

7.10 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Capital Expenditures. Make or become legally obligated to make any expenditure in respect of the purchase or other acquisition of any fixed or capital asset (excluding normal replacements and maintenance which are properly charged to current operations), except for capital expenditures expressly permitted or required pursuant to Section 5.1 of the Merger Agreement.

7.12 Subsidiaries. Form, cause to exist or acquire any new or additional Subsidiaries.

7.13 Intellectual Property. Acquire, license or otherwise come to possess the valid right to use any intellectual property, including without limitation, copyrights, patents and trademarks.

ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within three days after the same becomes due, any interest on any Loan, or any commitment fee, facility fee or other fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03 (and such failure continues for 5 days), 6.05(a), 6.10 or 6.11 or Article VII; or

(c) Other Defaults. The Borrower fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days or such shorter time period as may be specified in any such other Loan Document; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by the Borrower, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

(e) Cross-Default. (i) The Borrower or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. The Borrower or any of its Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) The Borrower or any Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 60 days after its issue or levy; or

(h) Judgments. There is entered against the Borrower or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount exceeding \$1,500,000 (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) Invalidity of Loan Documents; Failure of Security; Repudiation of Obligations. At any time after the execution and delivery thereof, (i) the Lender shall not have or shall cease to have a valid and perfected First Priority Lien in any Collateral with value in excess of \$250,000 purported to be covered by the Collateral Documents, in each case for any reason other than the failure of the Lender to take any action within its control, or (ii) the Borrower shall contest the validity or enforceability of any Loan Document or any provision thereof in writing or deny in writing that it has any further liability, including with respect to future advances by the Lender, under any Loan Document or any provision thereof to which it is a party; or

(j) Change of Control. There occurs any Change of Control with respect to the Borrower other than as contemplated by the Merger Agreement.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Lender may take any or all of the following actions:

(a) declare the Commitment to be terminated, whereupon the Commitment shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(c) exercise all rights and remedies available to it under the Loan Documents or applicable law;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the Commitment shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Lender; and provided, further, that in the case of an Event of Default described in Section 8.01(a)(i) hereof (the "Specified Event of Default"), the Lender shall not exercise any remedies with respect to Deposit Accounts or Securities Accounts to which it may otherwise be entitled until five (5) calendar days have elapsed from the date of occurrence of such Specified Event of Default.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Lender in such order as it elects in its sole discretion.

**ARTICLE IX.
MISCELLANEOUS**

9.01 Amendments; Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing signed by the Lender and the Borrower, and such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9.02 Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the address, facsimile number or (subject to subsection (c) below) electronic mail address specified for notices to the applicable party on Schedule 9.02; or to such other address, facsimile number or electronic mail address as shall be designated by such party in a notice to the other party. All notices and other communications expressly permitted hereunder to be given by telephone shall be made to the telephone number specified for notices to the applicable party on Schedule 9.02, or to such other telephone number as shall be designated by such party in a notice to the other party. All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, four Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail (which form of delivery is subject to the provisions of subsection (c) below), when delivered; provided, however, that notices and other communications to the Lender pursuant to Article II shall not be effective until actually received by the Lender. In no event shall a voicemail message be effective as a notice, communication or confirmation hereunder.

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on the Borrower and the Lender. The Lender may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Limited Use of Electronic Mail. Electronic mail and Internet and intranet websites may be used only to distribute routine communications, such as financial statements and other information as provided in Section 6.02, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

(d) Reliance by Lender. The Lender shall be entitled to rely and act upon any notices (including telephonic Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Lender, its Affiliates, and their respective officers, directors, employees, agents and attorneys-in-fact from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other communications with the Lender may be recorded by the Lender, and the Borrower hereby consents to such recording.

9.03 No Waiver; Cumulative Remedies. No failure by the Lender to exercise, and no delay by the Lender in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.04 Attorney Costs, Expenses and Taxes. Whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to pay promptly (i) all reasonable costs and expenses of negotiation, preparation and execution of the Loan Documents and any consents, amendments, waivers or other modifications thereto; (ii) all costs and expenses of furnishing an opinion by Patton Boggs LLP, as counsel for the Borrower (including any opinions requested by the Lender as to any legal matters arising hereunder); (iii) all reasonable fees, expenses and disbursements of counsel to the Lender in connection with the negotiation, preparation, execution and administration of the Loan Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Borrower; (iv) all costs and expenses of creating and perfecting Liens in favor of the Lender pursuant to any Collateral Document, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees and reasonable fees, expenses and disbursements of counsel to the Lender; (v) after an Event of Default, all costs and expenses incurred by the Lender in connection with the custody or preservation of any of the Collateral; (vi) all costs and expenses, including reasonable attorneys' fees and fees, costs and expenses of accountants, advisors and consultants, incurred by the Lender and its counsel relating to efforts to (a) evaluate or assess the Borrower, its business or financial condition and (b) protect, evaluate, assess or dispose of any of the Collateral; and (vii) all costs and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel), fees, costs and expenses of accountants, advisors and consultants and costs of settlement, in each case, incurred by the Lender in enforcing any Obligations of or in collecting any payments due from the Borrower hereunder or under the other Loan Documents (including in connection with the sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Loan Documents) or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or pursuant to any insolvency or bankruptcy proceedings. All amounts due under this Section 9.04 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Commitment and repayment, satisfaction or discharge of all other Obligations.

9.05 Indemnification by the Borrower. Whether or not the transactions contemplated hereby are consummated, in addition to the payment of expenses pursuant to Section 9.04 the Borrower agrees to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless the Lender, and the officers, directors, trustees, employees, agents, advisors and Affiliates of the Lender (collectively called the "Indemnitees"), from and against any and all Indemnified Liabilities (as hereinafter defined); provided that the Borrower shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise solely from the gross negligence or willful misconduct of that Indemnitee as determined by a final judgment of a court of competent jurisdiction.

As used herein, "Indemnified Liabilities" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Indemnitees (including allocated costs of internal counsel) in connection with any investigative, administrative or judicial proceeding commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby (including the Lender's agreement to make the Loans hereunder or the use or intended use of the proceeds thereof or any enforcement of any of the Loan Documents (including any sale of, collection from, or other realization upon any of the Collateral)) or (ii) the statements contained in the commitment letter delivered by the Lender to the Borrower with respect thereto.

To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 9.05 may be unenforceable in whole or in part because they are violative of any law or public policy, the Borrower shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

9.06 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

9.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender and the Lender may not assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section and (ii) by way of participation in accordance with the provisions of subsection (c) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (c) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Commitment and the Loans at the time owing to it) pursuant to documentation acceptable to the Lender and the assignee; provided that the consent of the Borrower shall be required in connection with any such assignment pursuant to this subsection (b) so long as (i) no Default or Event of Default then exists and (ii) the Merger Agreement has not been terminated for any reason. From and after the effective date specified in such documentation, such Eligible Assignee shall be a party to this Agreement and, to the extent of the interest assigned by the Lender, have the rights and obligations of the Lender under this Agreement, and the Lender shall, to the extent of the interest so assigned, be released from its obligations under this Agreement (and, in the case of an assignment of all of the Lender's rights and obligations under this Agreement, shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, 9.04 and 9.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver new or replacement Notes to the Lender and the assignee, and shall execute and deliver any other documents reasonably necessary or appropriate to give effect to such assignment and to provide for the administration of this Agreement after giving effect thereto.

(c) The Lender may at any time sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of the Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the Borrower for the performance of such obligations, (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement and (iv) the consent of the Borrower shall be required in connection with any such participation pursuant to this subsection (c) so long as (x) no Default or Event of Default then exists and (y) the Merger Agreement has not been terminated for any reason, the consent of the Borrower shall be required in connection with any such participation pursuant to this subsection (c) (such consent not to be unreasonably withheld, delayed or conditioned). Any

agreement or instrument pursuant to which the Lender sells such a participation shall provide that the Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that the Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification that would (i) postpone any date upon which any payment of money (other than a mandatory prepayment) is scheduled to be made to such Participant, (ii) reduce the principal, interest, fees or other amounts payable to such Participant (provided, however, that the Lender may, without the consent of the Participant, waive the right to be paid interest at the Default Rate) or (iii) release all or a material part of the Collateral. Subject to subsection (d) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were the Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.09 as though it were the Lender.

(d) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to provide to the Lender such tax forms prescribed by the IRS as are necessary to establish an exemption from, or reduction of, U.S. withholding tax.

(e) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under the Note, if any) to secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

(f) As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) an Affiliate of the Lender; (b) an Approved Fund; and (c) any other bona fide financial institution which extends credit as one of its primary businesses.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Approved Fund" means any Fund that is administered or managed by (a) the Lender or (b) an Affiliate of the Lender.

9.08 Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Lender on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, "Information" means all information received from the Borrower relating to its businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower, provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

9.09 Set-off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuation of any Event of Default, the Lender and its Affiliates is hereby authorized by the Borrower at any time or from time to time, without notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, time or demand, provisional or final, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Indebtedness at any time held or owing by the Lender or any Affiliate of the Lender to or for the credit or the account of the Borrower against and on account of the Obligations of the Borrower to the Lender (or any Affiliate of the Lender) under this Agreement and the other Loan Documents, including all claims of any nature or description arising out of or connected with this Agreement or any other Loan Document, irrespective of whether or not (i) the Lender shall have made any demand hereunder or (ii) the principal of or the interest on the Loans or any other amounts due hereunder shall have become due and payable pursuant to Article VIII hereof and although said obligations and liabilities, or any of them, may be contingent or unmatured. The Lender agrees promptly to notify the Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

9.10 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Lender exceeds the Maximum Rate, the Lender may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

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

9.12 Integration. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Lender in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

9.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Lender, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

9.14 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.15 Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER AND THE LENDER EACH CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER AND THE LENDER EACH IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. THE BORROWER AND THE LENDER EACH WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

9.16 Waiver of Right to Trial by Jury. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

9.17 USA Patriot Act Notice. The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act.

9.18 Release of Security Interest. Upon the proposed sale or other disposition of any Collateral to any Person (other than an Affiliate of the Borrower) that is permitted by this Agreement or to which the Lender has otherwise consented and for which the Borrower desires to obtain a security interest release from the Lender, the Borrower shall deliver a certificate of a Responsible Officer (i) stating that the Collateral or the Capital Stock subject to such disposition is being sold or otherwise disposed of in compliance with the terms hereof and (ii) specifying the Collateral or Capital Stock being sold or otherwise disposed of in the proposed transaction. Upon the receipt of such certificate, the Lender shall, at its own expense, so long as the Lender (a) has no reason to believe that the facts stated in such certificate are not true and correct and (b), if the sale or other disposition of such item of Collateral or Capital Stock constitutes an Asset Sale, shall have received evidence satisfactory to it that arrangements satisfactory to it have been made for delivery of the Net Asset Sale Proceeds if and as required by Section 2.05, execute and deliver such releases of its security interest in such Collateral, as may be reasonably requested by the Borrower.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

AMERICAN OIL & GAS INC.

By: _____
Name: _____
Title: _____

HESS CORPORATION

By: _____
Name: _____
Title: _____

EXECUTION VERSION

SECURITY AGREEMENT

This **SECURITY AGREEMENT** (this "**Agreement**") is dated as of August 27, 2010 and entered into by and among **AMERICAN OIL & GAS INC.**, a Nevada corporation ("**Company**"), and each **ADDITIONAL GRANTOR** that may become a party hereto after the date hereof in accordance with Section 21 hereof (each of Company, and each Additional Grantor being a "**Grantor**" and collectively the "**Grantors**") and **HESS CORPORATION**, as Lender ("**Lender**", and in such capacity herein called "**Secured Party**").

PRELIMINARY STATEMENTS

A. Pursuant to the Credit Agreement dated as of August 27, 2010 (such Credit Agreement, as it may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"; the terms defined therein and not otherwise defined in Section 31 or elsewhere herein being used herein as therein defined), by and among Company, and Lender, Lender has made certain commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to Company.

B. It is a condition precedent to the initial extensions of credit by Lender under the Credit Agreement that Grantors listed on the signature pages hereof shall have granted the security interests and undertaken the obligations contemplated by this Agreement.

NOW, THEREFORE, in consideration of the agreements set forth herein and in the Credit Agreement and in order to induce Lender to make Loans and other extensions of credit under the Credit Agreement, each Grantor hereby agrees with Secured Party as follows:

SECTION 1. GRANT OF SECURITY.

Each Grantor hereby assigns to Secured Party, and hereby grants to Secured Party a security interest in all of such Grantor's right, title and interest in and to all of the personal property of such Grantor, in each case whether now or hereafter existing, whether tangible or intangible, whether now owned or hereafter acquired, wherever the same may be located and whether or not subject to the Uniform Commercial Code as it exists on the date of this Agreement, or as it may hereafter be amended in the State of New York (the "**UCC**"), including the following (the "**Collateral**"):

- (a) all Accounts;
 - (b) all Chattel Paper;
 - (c) all Money and all Deposit Accounts (other than payroll accounts and accounts with balances of less than \$200,000), together with all amounts on deposit from time to time in such Deposit Accounts;
 - (d) all Documents;
 - (e) all General Intangibles, including all intellectual property, Payment Intangibles and Software;
-

- (f) all Goods, including Inventory, Equipment and Fixtures;
- (g) all Instruments;
- (h) all Investment Property;
- (i) all Letter-of-Credit Rights and other Supporting Obligations;
- (j) all Records;
- (k) all Commercial Tort Claims, including those set forth on Schedule 1 annexed hereto; and
- (l) all Proceeds and Accessions with respect to any of the foregoing Collateral.

Each category of Collateral set forth above shall have the meaning set forth in the UCC (to the extent such term is defined in the UCC), it being the intention of Grantors that the description of the Collateral set forth above be construed to include the broadest possible range of assets.

Notwithstanding anything herein to the contrary, in no event shall the Collateral include, and no Grantor shall be deemed to have granted a security interest in, any of such Grantor's rights or interests in or under, any lease, property right, license, contract, permit, Instrument, Security or franchise to which such Grantor is a party or any of its rights or interests thereunder to the extent, but only to the extent, that such a grant would, under the terms of such lease, property right, license, contract, permit, Instrument, Security or franchise, result in a breach of the terms of, or constitute a default under, such lease, property right, license, contract, permit, Instrument, Security or franchise (other than to the extent that any such term would be rendered ineffective pursuant to the UCC or any other applicable law (including the Bankruptcy Code) or principles of equity) or result in the abandonment, invalidation or unenforceability of any right, title or interest of any Grantor therein; provided, that immediately upon the ineffectiveness, lapse or termination of any such provision the Collateral shall include, and such Grantor shall be deemed to have granted a security interest in, all such rights and interests as if such provision had never been in effect. Notwithstanding anything herein to the contrary, the Collateral shall include any personal (or other property in which a security interest may be perfected under the UCC) property that is a part of the "Mortgaged Property", as such term is defined in each Closing Date Mortgage, but shall exclude any real property that is a part of the "Mortgaged Property", as such term is defined in each Closing Date Mortgage and the "Specified Properties" as such term is defined in the Merger Agreement.

SECTION 2. SECURITY FOR OBLIGATIONS.

This Agreement secures, and the Collateral is collateral security for, the prompt payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Secured Obligations of each Grantor. “**Secured Obligations**” means, with respect to Company, all obligations and liabilities of every nature of Company now or hereafter existing under or arising out of or in connection with the Credit Agreement and the other Loan Documents.

in each case together with all extensions or renewals thereof, whether for principal, interest, fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from Secured Party or Lender as a preference, fraudulent transfer or otherwise, and all obligations of every nature of Grantors now or hereafter existing under this Agreement (including, without limitation, interest and other amounts that, but for the filing of a petition in bankruptcy with respect to Company or any other Grantor, would accrue on such obligations, whether or not a claim is allowed against Company or such Grantor for such amounts in the related bankruptcy proceeding).

SECTION 3. GRANTORS REMAIN LIABLE.

Anything contained herein to the contrary notwithstanding, (a) each Grantor shall remain liable under any contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Secured Party of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) Secured Party shall not have any obligation or liability under any contracts, licenses, and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

Each Grantor represents and warrants as follows:

(a) **Ownership of Collateral.** Except as expressly permitted by the Credit Agreement, such Grantor owns its interests in the Collateral free and clear of any Lien and no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any filing or recording office, including any IP Filing Office.

(b) **Perfection.** The security interests in the Collateral granted to Secured Party hereunder constitute valid security interests in the Collateral, securing the payment of the Secured Obligations. Upon (i) the proper filing of UCC financing statements naming each Grantor as “debtor”, naming Secured Party as “secured party” and adequately describing the Collateral in the filing offices with respect to such Grantor set forth on Schedule 2 annexed hereto, (ii) in the case of the Securities Collateral consisting of certificated Securities or evidenced by Instruments, in addition to filing of such UCC financing statements, delivery of the certificates representing such certificated Securities and delivery of such Instruments to Secured Party issued by a foreign issuer, any actions required under foreign law to perfect a security interest in, in each case duly endorsed or accompanied by duly executed instruments of assignment or transfer in blank, (iii) in the case of the Intellectual Property

Collateral, in addition to the filing of such UCC financing statements, the recordation of a Grant with the applicable IP Filing Office, (iv) in the case of Equipment that is covered by a certificate of title, the filing with the registrar of motor vehicles or other appropriate authority in the applicable jurisdiction of an application requesting the notation of the security interest created hereunder on such certificate of title, and (v) in the case of any Deposit Account and any Investment Property constituting a Security Entitlement, Securities Account, Commodity Contract or Commodity Account, the execution and delivery to Secured Party of an agreement providing for control as required by the UCC by Secured Party thereof, the security interests in the Collateral granted to Secured Party will constitute perfected security interests therein prior to all other Liens (except for and Liens permitted by Section 7.01 of the Credit Agreement), and all filings and other actions necessary to perfect and protect such security interests have been, or promptly after the Closing Date will be, duly made or taken.

(c) **Office Locations; Type and Jurisdiction of Organization; Locations of Equipment and Inventory.** Such Grantor's name as it appears in official filings in the jurisdiction of its organization, type of organization (*i.e.* corporation, limited partnership, etc.), jurisdiction of organization, principal place of business, chief executive office, office where such Grantor keeps its Records regarding the Accounts, Intellectual Property and originals of Chattel Paper, and organization number provided by the applicable Government Authority of the jurisdiction of organization are set forth on Schedule 3 annexed hereto. All of the Equipment and Inventory is located at the places set forth on Schedule 4 annexed hereto, except for Inventory which, in the ordinary course of business, is in transit either (i) from a supplier to a Grantor, (ii) between the locations set forth on Schedule 4 annexed hereto, or (iii) to customers of a Grantor.

(d) **Names.** No Grantor (or predecessor by merger or otherwise of such Grantor) has, within the five year period preceding the date hereof, or, in the case of an Additional Grantor, the date of the applicable Counterpart, had a different name from the name of such Grantor listed on the signature pages hereof, except the names set forth on Schedule 5 annexed hereto.

(e) **Delivery of Certain Collateral.** All certificates representing Securities or Instruments (excluding checks) evidencing, comprising or representing the Collateral in excess of \$250,000 have been delivered to Secured Party duly endorsed or accompanied by duly executed instruments of transfer or assignment in blank.

(f) **Securities Collateral.** The Grantor is the record and beneficial owner of the Pledged Subsidiary Equity set forth on Schedule 6 annexed hereto free of all Liens other than permitted by Section 7.01 of the Credit Agreement; the Grantor is record owner of the Pledged Subsidiary Debt set forth on Schedule 7 annexed hereto and the Pledged Subsidiary Debt is not in default; there are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Subsidiary Equity; Schedule 6 annexed hereto sets forth all of the Equity Interests and the Pledged Equity owned by each Grantor, and the percentage ownership in each issuer thereof; and Schedule 7 annexed hereto sets forth all of the Pledged Debt owned by such Grantor.

(g) **Intellectual Property Collateral.** A true and complete list of all Trademark Registrations and applications for any Trademark owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, is set forth on Schedule 8 annexed hereto; a true and complete list of all Patents owned, held (whether pursuant to a license or otherwise) or used by such Grantor, in whole or in part, is set forth on Schedule 9 annexed hereto; a true and complete list of all Copyright Registrations and applications for Copyright Registrations held (whether pursuant to a license or otherwise) by such Grantor, in whole or in part, is set forth on Schedule 10 annexed hereto; and after reasonable inquiry, such Grantor is not aware of any pending or threatened claim by any third party that any of the Intellectual Property Collateral owned, held or used by such Grantor is invalid or unenforceable.

(h) **Deposit Accounts, Securities Accounts, Commodity Accounts.** Schedule 11 annexed hereto lists all Deposit Accounts, Securities Accounts and Commodity Accounts owned by each Grantor, and indicates the institution or intermediary at which the account is held and the account number.

(i) **Chattel Paper.** Such Grantor has no interest in any Chattel Paper, except as set forth in Schedule 12 annexed hereto.

(j) **Letter-of-Credit Rights.** Such Grantor has no interest in any Letter-of-Credit Rights, except as set forth on Schedule 13 annexed hereto.

(k) **Documents.** No negotiable Documents are outstanding with respect to any of the Inventory, except as set forth on Schedule 14 annexed hereto.

(l) **Motor Vehicles.** Such Grantor owns no motor vehicles.

The representations and warranties as to the information set forth in Schedules referred to herein are made as to each Grantor (other than Additional Grantors) as of the date hereof and as to each Additional Grantor as of the date of the applicable Counterpart, except that, in the case of a Pledge Supplement, IP Supplement or notice delivered pursuant to Section 5(d) hereof, such representations and warranties are made as of the date of such supplement or notice.

SECTION 5. FURTHER ASSURANCES.

(a) **Generally.** Each Grantor agrees that from time to time, at the expense of Grantors, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary in order to perfect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor will: (i) notify Secured Party in writing of receipt by such Grantor of any interest in Chattel Paper and at the request of Secured Party, mark conspicuously each item of Chattel Paper and each of its records pertaining to the Collateral, with a legend, in form and substance satisfactory to Secured Party, indicating that such Collateral is subject to the security interest granted hereby, (ii) deliver to Secured Party all promissory notes and other Instruments in each case, in excess of \$250,000 and, at the request of Secured Party, all original counterparts of Chattel Paper in excess of \$250,000, duly endorsed and accompanied by duly executed

instruments of transfer or assignment, all in form and substance reasonably satisfactory to Secured Party, (iii) (A) execute (if necessary) and file such financing or continuation statements, or amendments thereto, (B) execute and deliver, and cause to be executed and delivered, agreements establishing that Secured Party has control of Deposit Accounts to the extent required by Credit Agreement and Investment Property in excess of \$250,000 of such Grantor, and (C) deliver such documents, instruments, notices, records and consents, and take such other actions, necessary to establish that secured party has control over electronic Chattel Paper in excess of \$250,000 and Letter-of-Credit Rights of such Grantor, (iv) on a quarterly basis, furnish to Secured Party statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail, (v) promptly after the acquisition by such Grantor of any item of Equipment that is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, (vi) within 30 days after the end of each calendar quarter, deliver to Secured Party copies of all such applications or other documents filed during such calendar quarter and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby, and (vii) after an Event of Default has occurred and is continuing, at Secured Party's request, appear in and defend any action or proceeding that may materially affect such Grantor's title to or Secured Party's security interest in all or any part of the Collateral. Each Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral (including any financing statement indicating that it covers "all assets" or "all personal property" of such Grantor) without the signature of any Grantor.

(b) **Securities Collateral.** Without limiting the generality of the foregoing Section 5(a), each Grantor agrees that (i) all certificates or Instruments representing or evidencing the Securities Collateral shall be delivered to and held by or on behalf of Secured Party pursuant hereto and shall be in suitable form for transfer by delivery or, as applicable, shall be accompanied by such Grantor's endorsement, where necessary, or duly executed instruments of transfer or assignments in blank, all in form and substance reasonably satisfactory to Secured Party and (ii) it will, upon obtaining any additional Equity Interests or Indebtedness, promptly (and in any event within five Business Days) deliver to Secured Party a Pledge Supplement, duly executed by such Grantor, in respect of such additional Pledged Equity or Pledged Debt; provided, that the failure of any Grantor to execute a Pledge Supplement with respect to any additional Pledged Equity or Pledged Debt shall not impair the security interest of Secured Party therein or otherwise adversely affect the rights and remedies of Secured Party hereunder with respect thereto. Upon each such acquisition, the representations and warranties contained in Section 4(f) hereof shall be deemed to have been made by such Grantor as to such Pledged Equity or Pledged Debt, whether or not such Pledge Supplement is delivered.

(c) **Intellectual Property Collateral.** Each Grantor shall promptly notify Secured Party in writing of any rights to Intellectual Property Collateral acquired by such Grantor after the date hereof. Promptly after the filing of an application for any Trademark Registration, Patent or Copyright Registration, each Grantor shall execute and deliver to Secured Party an IP Supplement, and submit a Grant for recordation with respect thereto in the applicable IP Filing Office; provided, the failure of any Grantor to execute an IP Supplement or submit a Grant for recordation with respect to any additional Intellectual Property Collateral shall not impair the security interest of Secured Party therein or otherwise adversely affect the rights and remedies of Secured Party hereunder with respect thereto. Upon delivery to Secured Party of an IP Supplement, Schedules 8, 9 and 10 annexed hereto and Schedule A to each Grant, as applicable, shall be deemed modified to include a reference to any right, title or interest in any existing Intellectual Property Collateral or any Intellectual Property Collateral set forth on Schedule A to such IP Supplement. Upon each such acquisition, the representations and warranties contained in Section 4(g) hereof shall be deemed to have been made by such Grantor as to such Intellectual Property Collateral, whether or not such IP Supplement is delivered.

(d) **Commercial Tort Claims.** Grantors have no Commercial Tort Claims as of the date hereof, except as set forth on Schedule 1 annexed hereto. In the event that a Grantor shall at any time after the date hereof have any Commercial Tort Claims, such Grantor shall promptly notify Secured Party thereof in writing, which notice shall (i) set forth in reasonable detail the basis for and nature of such Commercial Tort Claim and (ii) constitute an amendment to this Agreement by which such Commercial Tort Claim shall constitute part of the Collateral.

SECTION 6. CERTAIN COVENANTS OF GRANTORS.

Each Grantor shall:

(a) not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral for which the failure to so comply could reasonably expect to result in a Material Adverse Effect;

(b) give Secured Party at least 30 days' prior written notice of (i) any change in such Grantor's name, identity or corporate structure and (ii) any reincorporation, reorganization or other action that results in a change of the jurisdiction of organization of such Grantor;

(c) if Secured Party gives value to enable such Grantor to acquire rights in or the use of any Collateral, use such value for such purposes; and

(d) keep correct and accurate Records in all material respects with respect to the Collateral at the locations described in Schedule 3 annexed hereto.

SECTION 7. SPECIAL COVENANTS WITH RESPECT TO EQUIPMENT AND INVENTORY.

Each Grantor shall:

(a) if any Inventory is in possession or control of any of such Grantor's agents or processors, if the aggregate book value of all such Inventory exceeds \$500,000 and in any event upon the occurrence of an Event of Default, instruct such agent or processor to hold all such Inventory for the account of Secured Party and subject to the instructions of Secured Party;

(b) if any Inventory is located on premises leased by such Grantor, at any time requested by Secured Party, use commercially reasonable efforts to deliver to Secured Party a fully executed Collateral Access Agreement (in form and substance reasonably satisfactory to Secured Party); and

(c) promptly upon the issuance and delivery to such Grantor of any negotiable Document relating to a payment in excess of \$250,000, deliver such Document to Secured Party.

SECTION 8. SPECIAL COVENANTS WITH RESPECT TO ACCOUNTS.

(a) Each Grantor shall maintain (i) complete Records of such Account in all material respects, including records of all payments received, credits granted and merchandise returned, and (ii) all documentation relating thereto.

(b) Except as otherwise provided in this subsection (b), each Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor under the Accounts. In connection with such collections, each Grantor may take (and, upon the occurrence and during the continuance of an Event of Default at Secured Party's direction and after notice to Grantor, shall take) such action as such Grantor or Secured Party may deem necessary to enforce collection of amounts due or to become due under the Accounts; provided, however, that Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to such Grantor of its intention to do so, to (i) notify the account debtors or obligors under any Accounts of the assignment of such Accounts to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to Secured Party, (ii) notify each Person maintaining a lockbox or similar arrangement to which account debtors or obligors under any Accounts have been directed to make payment to remit all amounts representing collections on checks and other payment items from time to time sent to or deposited in such lockbox or other arrangement directly to Secured Party, (iii) enforce collection of any such Accounts at the expense of Grantors, and (iv) adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor has done consistent with its past practices. After receipt by such Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence, (A) all amounts and proceeds (including checks and other Instruments) received by such Grantor in respect of the Accounts shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to Secured Party in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 17 hereof, and (B) such Grantor shall not, without the written consent of Secured Party, adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

SECTION 9. SPECIAL COVENANTS WITH RESPECT TO THE SECURITIES COLLATERAL.

(a) **Form of Securities Collateral.** Secured Party shall have the right at any time to exchange certificates or instruments representing or evidencing Securities Collateral for certificates or instruments of smaller or larger denominations. If any Securities Collateral is not a security pursuant to Section 8-103 of the UCC, no Grantor shall take any action that, under such Section, converts such Securities Collateral into a security without causing the issuer thereof to issue to it certificates or instruments evidencing such Securities Collateral, which it shall promptly deliver to Secured Party as provided in this Section 9(a).

(b) **Covenants.** Each Grantor shall (i) not, except as expressly permitted by the Credit Agreement, permit any issuer of Pledged Subsidiary Equity to merge or consolidate unless all the outstanding Equity Interests of the surviving or resulting Person are, upon such merger or consolidation, pledged and become Collateral hereunder and no cash, securities or other property is distributed in respect of the outstanding Equity Interests of any other constituent corporation; (ii) cause each issuer of Pledged Subsidiary Equity not to issue Equity Interests in addition to or in substitution for the Pledged Subsidiary Equity issued by such issuer, except to such Grantor; (iii) immediately upon its acquisition (directly or indirectly) of any Equity Interests, including additional Equity Interests in each issuer of Pledged Equity, comply with Section 5(b); (iv) immediately upon issuance of any and all Instruments or other evidences of additional Indebtedness from time to time owed to such Grantor by any obligor on the Pledged Debt, comply with Section 5; (v) promptly deliver to Secured Party all material written notices received by it with respect to the Securities Collateral; (vi) at its expense (A) perform and comply in all material respects with all terms and provisions of any material agreement related to the Securities Collateral required to be performed or complied with by it, (B) maintain all such material agreements in full force and effect and (C) enforce all such material agreements in accordance with their terms; and (vii) at the request of Secured Party, promptly execute and deliver to Secured Party an agreement providing for control by Secured Party of all Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of such Grantor.

(c) **Voting and Distributions.** So long as no Event of Default shall have occurred and be continuing, (i) each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not prohibited by the terms of this Agreement or the Credit Agreement; provided, no Grantor shall exercise or refrain from exercising any such right if Secured Party shall have notified such Grantor that, in Secured Party's judgment, such action would have a material adverse effect on the value of the Securities Collateral or any part thereof; and (ii) each Grantor shall be entitled to receive and retain any and all dividends, other distributions, principal and interest paid in respect of the Securities Collateral.

Upon the occurrence and during the continuation of an Event of Default, (x) upon written notice from Secured Party to any Grantor, all rights of such Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease, and all such rights shall thereupon become vested in Secured Party who shall thereupon have the sole right to exercise such voting and other consensual rights; (y) except as otherwise specified in the Credit Agreement, all rights of such Grantor to receive the dividends, other distributions, principal and interest payments which it would otherwise be authorized to receive and retain pursuant hereto shall cease, and all such rights shall thereupon become vested in Secured Party who shall thereupon have the sole right to receive and hold as Collateral such dividends, other distributions, principal and interest payments; and (z) all dividends, principal, interest payments and other distributions which are received by such Grantor contrary to the provisions of clause (y) above shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of such Grantor and shall forthwith be paid over to Secured Party as Collateral in the same form as so received (with any necessary endorsements).

After an Event of Default has occurred and continuing, in order to permit Secured Party to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder, (I) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to Secured Party all such proxies, dividend payment orders and other instruments as Secured Party may from time to time reasonably request, and (II) without limiting the effect of clause (I) above, each Grantor hereby grants to Secured Party an irrevocable proxy to vote the Pledged Equity and to exercise all other rights, powers, privileges and remedies to which a holder of the Pledged Equity would be entitled (including giving or withholding written consents of holders of Equity Interests, calling special meetings of holders of Equity Interests and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Equity on the record books of the issuer thereof) by any other Person (including the issuer of the Pledged Equity or any officer or agent thereof), upon the occurrence of an Event of Default and which proxy shall only terminate upon the payment in full of the Secured Obligations (other than Unasserted Obligations), the cure of such Event of Default or waiver thereof as evidenced by a writing executed by Secured Party.

SECTION 10. SPECIAL COVENANTS WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL.

(a) Each Grantor shall:

i. use reasonable efforts so as not to permit the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way impair or prevent the creation of a security interest in, or the assignment of, such Grantor's rights and interests in any property included within the definitions of any Intellectual Property Collateral acquired under such contracts;

ii. take any and all reasonable steps to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property Collateral, including, without limitation, where appropriate entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;

iii. use proper statutory notice in connection with its use of any of the Intellectual Property Collateral and products and services covered by the Intellectual Property Collateral; and

iv. use a commercially appropriate standard of quality (which may be consistent with such Grantor's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the Trademarks.

(b) Except as otherwise provided in this Section 10, each Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor in respect of the Intellectual Property Collateral or any portion thereof. In connection with such collections, each Grantor may take (and, after the occurrence and during the continuance of any Event of Default at Secured Party's reasonable direction, shall take) such action as such Grantor or Secured Party may deem reasonably necessary to enforce collection of such amounts; provided, Secured Party shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to such Grantor of its intention to do so, to notify the obligors with respect to any such amounts of the existence of the security interest created hereby and to direct such obligors to make payment of all such amounts directly to Secured Party, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by any Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence and upon the occurrence and during the continuance of any Event of Default, (i) all amounts and proceeds (including checks and Instruments) received by each Grantor in respect of amounts due to such Grantor in respect of the Intellectual Property Collateral or any portion thereof shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over or delivered to Secured Party in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied as provided by Section 17 hereof, and (ii) such Grantor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(c) Each Grantor shall have the duty diligently, through counsel reasonably acceptable to Secured Party, to prosecute, file and/or make, unless and until such Grantor, in its commercially reasonable judgment, decides otherwise, (i) any application for registration relating to any of the Intellectual Property Collateral owned, held or used by such Grantor and set forth on Schedules 8, 9 or 10 annexed hereto, as applicable, that is pending as of the date of this Agreement, (ii) any Copyright Registration on any existing or future unregistered but copyrightable works (except for works of nominal commercial value or with respect to which such Grantor has determined in the exercise of its commercially reasonable judgment that it shall not seek registration), (iii) any application on any future patentable but unpatented innovation or invention comprising Intellectual Property Collateral, and (iv) any Trademark opposition and cancellation proceedings, renew Trademark Registrations and Copyright Registrations and do any and all acts which are necessary or desirable to preserve and maintain all rights in all Intellectual Property Collateral. Any expenses incurred in connection therewith shall be borne solely by Grantors. Subject to the foregoing, each Grantor shall give Secured Party prior written notice of any abandonment of any Intellectual Property Collateral.

(d) Except as provided herein, each Grantor shall have the right to commence and prosecute in its own name, as real party in interest, for its own benefit and at its own expense, such suits, proceedings or other actions for infringement, unfair competition, dilution, misappropriation or other damage, or reexamination or reissue proceedings as are necessary to protect the Intellectual Property Collateral. Each Grantor shall promptly, following its becoming aware thereof, notify Secured Party of the institution of, or of any adverse determination in, any proceeding (whether in an IP Filing Office or any federal, state, local or foreign court) or regarding such Grantor's ownership, right to use, or interest in any Intellectual Property Collateral. Each Grantor shall provide to Secured Party any information with respect thereto requested by Secured Party.

(e) In addition to, and not by way of limitation of, the granting of a security interest in the Collateral pursuant hereto, each Grantor, effective upon the occurrence and during the continuance of an Event of Default and after notice to Grantor, hereby assigns, transfers and conveys to Secured Party the nonexclusive right and license to use all Trademarks, tradenames, Copyrights, Patents or technical processes (including, without limitation, the Intellectual Property Collateral) owned or used by such Grantor that relate to the Collateral, together with any goodwill associated therewith, all to the extent necessary to enable Secured Party to realize on the Collateral in accordance with this Agreement and to enable any transferee or assignee of the Collateral to enjoy the benefits of the Collateral. This right shall inure to the benefit of all successors, assigns and transferees of Secured Party and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license shall be granted free of charge, without requirement that any monetary payment whatsoever be made to such Grantor. If and to the extent that any Grantor is permitted to license the Intellectual Property Collateral, Secured Party shall promptly enter into a non-disturbance agreement or other similar arrangement, at such Grantor's request and expense, with such Grantor and any licensee of any Intellectual Property Collateral permitted hereunder in form and substance reasonably satisfactory to Secured Party pursuant to which (i) Secured Party shall agree not to disturb or interfere with such licensee's rights under its license agreement with such Grantor so long as such licensee is not in default thereunder, and (ii) such licensee shall acknowledge and agree that the Intellectual Property Collateral licensed to it is subject to the security interest created in favor of Secured Party and the other terms of this Agreement.

SECTION 11. COLLATERAL ACCOUNT.

Secured Party is hereby authorized to establish and maintain as a blocked account under the sole dominion and control of Secured Party, a restricted Deposit Account designated as American Oil & Gas Inc. "Collateral Account". All amounts at any time held in the Collateral Account shall be beneficially owned by Grantors but shall be held in the name of Secured Party hereunder, as collateral security for the Secured Obligations upon the terms and conditions set forth herein. Grantors shall have no right to withdraw, transfer or, except as expressly set forth herein or in the Credit Agreement, otherwise receive any funds deposited into the Collateral Account. Anything contained herein to the contrary notwithstanding, the Collateral Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or Government Authority, as may now or hereafter be in effect. All deposits of funds in the Collateral Account shall be made by wire transfer (or, if applicable, by intra-bank transfer from another account of a Grantor) of immediately available funds, in each case addressed in accordance with instructions of Secured Party. Each Grantor shall, promptly after initiating a transfer of funds to the Collateral Account, give notice to Secured Party by telefacsimile of the date, amount and method of delivery of such deposit. Cash held by Secured Party in the Collateral Account shall not be invested by Secured Party but instead shall be maintained as a cash deposit in the Collateral Account pending application thereof as elsewhere provided in this Agreement or in the Credit Agreement. To the extent permitted under Regulation Q of the Board of Governors of the Federal Reserve System, any cash held in the Collateral Account shall bear interest at the standard rate paid by Secured Party to its customers for deposits of like amounts and terms. Subject to Secured Party's rights hereunder, any interest earned on deposits of cash in the Collateral Account shall be deposited directly in, and held in, the Collateral Account.

SECTION 12. SECURED PARTY APPOINTED ATTORNEY-IN-FACT.

Each Grantor hereby irrevocably appoints Secured Party as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, Secured Party or otherwise, from time to time in Secured Party's discretion to take any action and to execute any instrument that Secured Party may deem necessary to accomplish the purposes of this Agreement, including, without limitation:

(a) upon the occurrence and during the continuance of an Event of Default and after notice to Grantor, to obtain and adjust insurance required to be maintained by such Grantor or paid to Secured Party pursuant to the Credit Agreement;

(b) upon the occurrence and during the continuance of an Event of Default and after notice to Grantor, to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) upon the occurrence and during the continuance of an Event of Default and after notice to Grantor, to receive, endorse and collect any drafts or other Instruments, Documents, Chattel Paper and other documents in connection with clauses (a) and (b) above;

(d) upon the occurrence and during the continuance of an Event of Default and after notice to Grantor, to file any claims or take any action or institute any proceedings that Secured Party may deem necessary for the collection of any of the Collateral or otherwise to enforce or protect the rights of Secured Party with respect to any of the Collateral;

(e) upon the occurrence and during the continuance of and after notice to Grantor, to pay or discharge taxes or Liens (other than taxes not required to be discharged pursuant to the Credit Agreement and Liens permitted under this Agreement or the Credit Agreement) levied or placed upon the Collateral, and the amounts necessary to discharge the same, any such payments made by Secured Party to become obligations of such Grantor to Secured Party, due and payable immediately without demand;

(f) upon the occurrence and during the continuance of and after notice to Grantor, to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other documents relating to the Collateral; and

(g) upon the occurrence and during the continuance of and after notice to Grantor, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Grantors' expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do, in each case, in accordance with the requirement of the UCC and applicable law.

SECTION 13. SECURED PARTY MAY PERFORM.

After the occurrence and continuance of an Event of Default and after notice to Grantor, if any Grantor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by Grantors under Section 18(b) hereof.

SECTION 14. STANDARD OF CARE.

The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral, except the Secured Party shall be liable for their own gross negligence, willful misconduct or breach of the express terms of this Agreement. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property and to the extent required by the UCC and applicable laws.

SECTION 15. REMEDIES.

(a) **Generally.** If any Event of Default shall have occurred and be continuing, Secured Party may, subject to Section 20 hereof, exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral), and also may (i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties, (ii) enter onto the property where any Collateral is located and take possession thereof with or without judicial process, (iii) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent Secured Party deems appropriate, (iv) take possession of any Grantor's premises or place custodians in exclusive control thereof, remain on such premises and use the same and any of such Grantor's equipment for the purpose of completing any work in process, taking any actions described in the preceding clause (iii) and collecting any Secured Obligation, (v) without notice except as specified below or under the UCC, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as Secured Party may deem commercially reasonable, (vi) exercise dominion and control over and refuse to permit further withdrawals from any Deposit Account maintained with

Secured Party or any Lender and provide instructions directing the disposition of funds in Deposit Accounts not maintained with Secured Party or any Lender (it being understood that the foregoing subclause (vi) shall be subject to the terms and conditions of Section 8.02 of the Credit Agreement) and (vii) provide entitlement orders with respect to Security Entitlements and other Investment Property constituting a part of the Collateral and, without notice to any Grantor, transfer to or register in the name of Secured Party or any of its nominees any or all of the Securities Collateral. To the extent permitted by the UCC and applicable laws, Secured Party may be the purchaser of any or all of the Collateral at any such sale and Secured Party, as agent for and representative of Lender, shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by Secured Party at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' written notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives any claims against Secured Party arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if Secured Party accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Secured Obligations, Grantors shall be jointly and severally liable for the deficiency and the fees of any attorneys employed by Secured Party to collect such deficiency. Each Grantor further agrees that a breach of any of the covenants contained in this Section 15 will cause irreparable injury to Secured Party, that Secured Party has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and each Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities.

(b) **Securities Collateral.** Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, Secured Party may be compelled, with respect to any sale of all or any part of the Securities Collateral conducted without prior registration or qualification of such Securities Collateral under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Securities Collateral for their own account, for investment and not with a view to the distribution or resale thereof. To the extent permitted by applicable law, (i) each Grantor acknowledges that any such private placement may be at prices and on terms less favorable than those obtainable through a sale without such restrictions (including an offering made pursuant to a registration statement under the Securities Act) and, (ii) notwithstanding such circumstances and the registration rights granted to Secured Party by

such Grantor pursuant hereto, each Grantor agrees that any such private placement shall not be deemed, in and of itself, to be commercially unreasonable and that Secured Party shall have no obligation to delay the sale of any Securities Collateral for the period of time necessary to permit the issuer thereof to register it for a form of sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If Secured Party determines to exercise its right to sell any or all of the Securities Collateral, upon written request, each Grantor shall and shall cause each issuer of any Securities Collateral to be sold hereunder from time to time to furnish to Secured Party all such information as Secured Party may request in order to determine the amount of Securities Collateral which may be sold by Secured Party in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(c) **Collateral Account.** If an Event of Default has occurred and is continuing, any amounts on deposit in the Collateral Account shall be held by Secured Party and applied by Secured Party in accordance with the terms of Section 8.03 of the Credit Agreement.

SECTION 16. ADDITIONAL REMEDIES FOR INTELLECTUAL PROPERTY COLLATERAL.

(a) Anything contained herein to the contrary notwithstanding, upon the occurrence and during the continuation of an Event of Default, (i) Secured Party shall have the right (but not the obligation) to bring suit, in the name of any Grantor, Secured Party or otherwise, to enforce any Intellectual Property Collateral, in which event each Grantor shall, at the request of Secured Party, do any and all lawful acts and execute any and all documents required by Secured Party in aid of such enforcement and each Grantor shall promptly, upon demand, reimburse and indemnify Secured Party as provided in Section 9.05 of the Credit Agreement and Section 18 hereof, as applicable, in connection with the exercise of its rights under this Section 16, and, to the extent that Secured Party shall elect not to bring suit to enforce any Intellectual Property Collateral as provided in this Section, each Grantor agrees to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement of any of the Intellectual Property Collateral by others and for that purpose agrees to use its commercially reasonable judgment in maintaining any action, suit or proceeding against any Person so infringing reasonably necessary to prevent such infringement; (ii) upon written demand from Secured Party, each Grantor shall execute and deliver to Secured Party an assignment or assignments of the Intellectual Property Collateral and such other documents as are necessary or appropriate to carry out the intent and purposes of this Agreement; (iii) each Grantor agrees that such an assignment and/or recording shall be applied to reduce the Secured Obligations outstanding only to the extent that Secured Party (or any Lender) receives cash proceeds in respect of the sale of, or other realization upon, the Intellectual Property Collateral; and (iv) within five Business Days after written notice from Secured Party, each Grantor shall make available to Secured Party, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ as Secured Party may reasonably designate, by name, title or job responsibility, to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold or delivered by such Grantor under or in connection with the Trademarks, Trademark Registrations and Trademark Rights, such persons to be available to perform their prior functions on Secured Party's behalf and to be compensated by Secured Party at such Grantor's expense on a per diem, pro-rata basis consistent with the salary and benefit structure applicable to each as of the date of such Event of Default.

(b) If (i) an Event of Default shall have occurred and, by reason of cure, waiver, modification, amendment or otherwise, no longer be continuing, (ii) no other Event of Default shall have occurred and be continuing, (iii) an assignment to Secured Party of any rights, title and interests in and to the Intellectual Property Collateral shall have been previously made, and (iv) the Secured Obligations shall not have become immediately due and payable, upon the written request of any Grantor, Secured Party shall promptly execute and deliver to such Grantor such assignments as may be necessary to reassign to such Grantor any such rights, title and interests as may have been assigned to Secured Party as aforesaid, subject to any disposition thereof that may have been made by Secured Party; provided, after giving effect to such reassignment, Secured Party's security interest granted pursuant hereto, as well as all other rights and remedies of Secured Party granted hereunder, shall continue to be in full force and effect; and provided further, the rights, title and interests so reassigned shall be free and clear of all Liens other than Liens (if any) encumbering such rights, title and interest at the time of their assignment to Secured Party.

SECTION 17. APPLICATION OF PROCEEDS.

Except as expressly provided elsewhere in this Agreement, all proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied as provided in the Credit Agreement.

SECTION 18. INDEMNITY AND EXPENSES.

(a) Grantors jointly and severally agree to indemnify Secured Party and Lender from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including, without limitation, enforcement of this Agreement), except to the extent such claims, losses or liabilities result solely from Secured Party's or Lender's gross negligence, bad faith or willful misconduct.

(b) Grantors jointly and severally agree to pay to Secured Party upon demand the amount of any and all costs and expenses in accordance with Section 9.04 of the Credit Agreement.

(c) The obligations of Grantors in this Section 18 shall survive the termination of this Agreement and the discharge of Grantors' other obligations under this Agreement, the Credit Agreement and the other Loan Documents.

SECTION 19. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS; TERMINATION AND RELEASE.

(a) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the payment in full of the Secured Obligations or the cancellation or termination of the Commitments, (ii) be binding upon Grantors and their respective successors and assigns, and (iii) inure, together with the rights and remedies of Secured Party hereunder, to the benefit of Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing subclause (iii) but subject to the provisions of Section 9.07 of the Credit Agreement, any Lender may assign or otherwise transfer any Loans held by it to any Eligible Assignee, and such other Eligible Assignee shall thereupon become vested with all the benefits in respect thereof granted to Lender herein or otherwise.

(b) Upon the payment in full of all Secured Obligations (other than Unasserted Obligations) or the cancellation or termination of the Commitments, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantors. Upon any such termination Secured Party will, at Grantors' expense, execute and deliver to Grantors such documents as Grantors shall reasonably request to evidence such termination. In addition, upon the proposed sale or other disposition of any Collateral by a Grantor in accordance with the Credit Agreement for which such Grantor desires a security interest release from Secured Party, such a release may be obtained pursuant to the provisions of Section 9.18 of the Credit Agreement.

SECTION 20. SECURED PARTY AS AGENT.

(a) Secured Party has been appointed to act as Secured Party hereunder by Lender. Secured Party shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with this Agreement and the Credit Agreement.

(b) Secured Party shall at all times be the same Person that is Lender under the Credit Agreement. Written notice of assignment by Lender pursuant to Section 9.07 of the Credit Agreement shall also constitute notice of resignation as Secured Party under this Agreement; and appointment of a successor Lender pursuant to Section 9.07 of the Credit Agreement shall also constitute appointment of a successor Secured Party under this Agreement. Upon the acceptance of any appointment as Lender under Section 9.07 of the Credit Agreement by a successor Lender, that successor Lender shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Secured Party under this Agreement, and the retiring Secured Party under this Agreement shall promptly, at the expense of Secured Party, (i) transfer to such successor Secured Party all sums, securities and other items of Collateral held hereunder, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Secured Party under this Agreement, and (ii) execute (if necessary) and deliver to such successor Secured Party such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Secured Party of the security interests created hereunder, whereupon such retiring Secured Party shall be discharged from its duties and obligations under this Agreement. After any retiring Lender's resignation hereunder as Secured Party, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was Secured Party hereunder.

SECTION 21. ADDITIONAL GRANTORS.

The initial Grantor hereunder shall be Company on the date hereof. From time to time subsequent to the date hereof, additional Subsidiaries of Company may become Additional Grantors, by executing a Counterpart. Upon delivery of any such Counterpart to Secured Party, notice of which is hereby waived by Grantor, each such Additional Grantor shall be a Grantor and shall be as fully a party hereto as if such Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Secured Party not to cause any Subsidiary of Company to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

SECTION 22. AMENDMENTS; ETC.

No amendment, modification, termination or waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Party and, in the case of any such amendment or modification, by Grantors; provided this Agreement may be modified by the execution of a Counterpart by an Additional Grantor in accordance with Section 21 hereof and Grantors hereby waive any requirement of notice of or consent to any such amendment. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

SECTION 23. NOTICES.

Any notice or other communication herein required or permitted to be given shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service, upon receipt of telefacsimile, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed; provided that notices to Secured Party shall not be effective until received. For the purposes hereof, the address of each party hereto shall be as provided on Schedule 9.02 to the Credit Agreement or as set forth under such party's name on the signature pages hereof or such other address as shall be designated by such party in a written notice delivered to the other parties hereto.

SECTION 24. FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE.

No failure or delay on the part of Secured Party in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

SECTION 25. SEVERABILITY.

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 26. HEADINGS.

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

SECTION 27. GOVERNING LAW; RULES OF CONSTRUCTION.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, EXCEPT TO THE EXTENT THAT THE UCC PROVIDES THAT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK, IN WHICH CASE THE LAWS OF SUCH JURISDICTION SHALL GOVERN WITH RESPECT TO THE PERFECTION OF THE SECURITY INTEREST IN, OR THE REMEDIES WITH RESPECT TO, SUCH PARTICULAR COLLATERAL. The rules of construction set forth in Section 1.02 of the Credit Agreement shall be applicable to this Agreement *mutatis mutandis*.

SECTION 28. CONSENT TO JURISDICTION AND SERVICE OF PROCESS.

ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY GRANTOR ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR ANY OBLIGATIONS HEREUNDER, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH GRANTOR, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (I) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (II) WAIVES ANY DEFENSE OF *FORUM NON CONVENIENS*; (III) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO SUCH GRANTOR AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 23 HEREOF; (IV) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (III) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER SUCH GRANTOR IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; (V) AGREES THAT SECURED PARTY RETAINS THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST SUCH GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION; AND (VI) AGREES THAT THE PROVISIONS OF THIS SECTION 28 RELATING TO JURISDICTION AND VENUE SHALL BE BINDING AND ENFORCEABLE TO THE FULLEST EXTENT PERMISSIBLE UNDER NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1402 OR OTHERWISE.

SECTION 29. WAIVER OF JURY TRIAL.

GRANTORS AND SECURED PARTY HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH GRANTOR AND SECURED PARTY ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR GRANTORS AND SECURED PARTY TO ENTER INTO A BUSINESS RELATIONSHIP, THAT GRANTORS AND SECURED PARTY HAVE ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH GRANTOR AND SECURED PARTY FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 29 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 30. COUNTERPARTS.

This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 31. DEFINITIONS.

(a) Each capitalized term utilized in this Agreement that is not defined in the Credit Agreement or in this Agreement, but that is defined in the UCC, including the categories of Collateral listed in Section 1 hereof, shall have the meaning set forth in Articles 1, 8 or 9 of the UCC.

(b) In addition, the following terms used in this Agreement shall have the following meanings:

“Additional Grantor” means a Subsidiary of Company that becomes a party hereto after the date hereof as an additional Grantor by executing a Counterpart.

“Collateral” has the meaning set forth in Section 1 hereof.

“Collateral Account” means the “American Oil & Gas Inc. Collateral Account” permitted to be established pursuant to Section 11 hereof.

“Copyright Registrations” means all copyright registrations issued to any Grantor and applications for copyright registration that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in foreign countries (including, without limitation, the registrations set forth on Schedule 10 annexed hereto, as the same may be amended pursuant hereto from time to time).

“Copyright Rights” means all common law and other rights in and to the Copyrights in the United States and any state thereof and in foreign countries including all copyright licenses (but with respect to such copyright licenses, only to the extent permitted by such licensing arrangements), the right (but not the obligation) to renew and extend Copyright Registrations and any such rights and to register works protectable by copyright and the right (but not the obligation) to sue in the name of any Grantor or in the name of Secured Party or Lender for past, present and future infringements of the Copyrights and any such rights.

“Copyrights” means all items under copyright in various published and unpublished works of authorship including, without limitation, computer programs, computer data bases, other computer software layouts, trade dress, drawings, designs, writings, and formulas (including, without limitation, the works set forth on Schedule 10 annexed hereto, as the same may be amended pursuant hereto from time to time).

“Counterpart” means a counterpart to this Agreement entered into by a Subsidiary of Company pursuant to Section 21 hereof.

“Credit Agreement” has the meaning set forth in the Preliminary Statements of this Agreement.

“Equity Interests” means all shares of stock, partnership interests, interests in Joint Ventures, limited liability company interests and all other equity interests in a Person, whether such stock or interests are classified as Investment Property or General Intangibles under the UCC.

“Event of Default” means any Event of Default as defined in the Credit Agreement.

“Grant” means a Grant of Trademark Security Interest, substantially in the form of Exhibit I annexed hereto, and a Grant of Patent Security Interest, substantially in the form of Exhibit II annexed hereto, and a Grant of Copyright Security Interest, substantially in the form of Exhibit III annexed hereto.

“Intellectual Property Collateral” means, with respect to any Grantor all right, title and interest (including rights acquired pursuant to a license or otherwise but only to the extent permitted by agreements governing such license or other use) in and to all

(a) Copyrights, Copyright Registrations and Copyright Rights, including, without limitation, each of the Copyrights, rights, titles and interests in and to the Copyrights, all derivative works and other works protectable by copyright, which are presently, or in the future may be, owned, created (as a work for hire for the benefit of such Grantor), authored (as a work for hire for the benefit of such Grantor), or acquired by such Grantor, in whole or in part, and all Copyright Rights with respect thereto and all Copyright Registrations therefor, heretofore or hereafter granted or applied for, and all renewals and extensions thereof, throughout the world;

(b) Patents;

(c) Trademarks, Trademark Registrations, the Trademark Rights and goodwill of such Grantor’s business symbolized by the Trademarks and associated therewith;

(d) all trade secrets, trade secret rights, know-how, customer lists, processes of production, ideas, confidential business information, techniques, processes, formulas, and all other proprietary information; and

(e) all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits).

“IP Supplement” means an IP Supplement, substantially in the form of Exhibit V annexed hereto.

“Patents” means all patents and patent applications and rights and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned or held by a Grantor and all patents and patent applications and rights, title and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned by such Grantor in whole or in part (including, without limitation, the patents and patent applications set forth on Schedule 9 annexed hereto), all rights (but not obligations) corresponding thereto to sue for past, present and future infringements and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof.

“Pledged Debt” means the Indebtedness from time to time owed to a Grantor, including the Indebtedness set forth on Schedule 7 annexed hereto and issued by the obligors named therein, the Instruments and certificates evidencing such Indebtedness and all interest, cash or other property received, receivable or otherwise distributed in respect of or exchanged therefor.

“Pledged Equity” means all Equity Interests now or hereafter owned by a Grantor, including all securities convertible into, and rights, warrants, options and other rights to purchase or otherwise acquire, any of the foregoing, including those owned on the date hereof and set forth on Schedule 6 annexed hereto, the certificates or other instruments representing any of the foregoing and any interest of such Grantor in the entries on the books of any securities intermediary pertaining thereto and all distributions, dividends and other property received, receivable or otherwise distributed in respect of or exchanged therefor, but excluding any Equity Interests of Foreign Subsidiaries to the extent a security interest in such Equity Interests could reasonably be expected to result in material adverse Tax consequences to Company.

“Pledged Subsidiary Debt” means Pledged Debt owed to a Grantor by any obligor that is, or becomes, a direct or indirect Subsidiary of such Grantor, of which such Grantor is a direct or indirect Subsidiary or that controls, is controlled by or under common control with such Grantor.

“Pledged Subsidiary Equity” means Pledged Equity in a Person that is, or becomes a direct Subsidiary of a Grantor.

“Pledge Supplement” means a Pledge Supplement, in substantially the form of Exhibit IV annexed hereto, in respect of the additional Pledged Equity or Pledged Debt pledged pursuant to this Agreement.

“Secured Obligations” has the meaning set forth in Section 2 hereof.

“Securities Collateral” means, with respect to any Grantor, the Pledged Equity, the Pledged Debt and any other Investment Property in which such Grantor has an interest.

“Trademark Registrations” means all registrations that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in foreign countries (including, without limitation, the registrations and applications set forth on Schedule 8 annexed hereto).

“Trademark Rights” means all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States and any state thereof and in foreign countries.

“Trademarks” means all trademarks, service marks, designs, logos, indicia, tradenames, trade dress, corporate names, company names, business names, fictitious business names, trade styles and/or other source and/or business identifiers and applications pertaining thereto, owned by a Grantor, or hereafter adopted and used, in its business (including, without limitation, the trademarks specifically set forth on Schedule 8 annexed hereto).

“UCC” means the Uniform Commercial Code, as it exists on the date of this Agreement or as it may hereafter be amended, in the State of New York.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Grantor and Secured Party have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

AMERICAN OIL & GAS INC.

By: _____
Name: _____
Title: _____

Notice Address:

1050 17th Street, Suite 2400
Denver, CO 80265
Attention: Andrew P. Calerich

HESS CORPORATION, as Secured Party

By: _____
Name: _____
Title: _____

Notice Address:

1185 Avenue of the Americas
New York, NY 10036
Attention: George Barry

**SCHEDULE A
TO
SECURITY AGREEMENT**

Name _____

Notice Address for each Grantor _____

American Oil & Gas Inc.

1050 17th Street, Suite 2400
Denver, Colorado 80265
Attention: Andrew P. Calerich
Facsimile: 303-595-0709

**SCHEDULE 1
TO
SECURITY AGREEMENT**

Commercial Tort Claims

On August 6, 2009, Borrower filed with the Financial Industry Regulatory Authority ("FINRA") a statement of claim against Jefferies & Company, Inc. ("Jefferies"), as American's broker with regards to the ARPS. The statement of claim seeks in arbitration to have Jefferies (i) purchase at par value Borrower's remaining unredeemed ARPS, (ii) reimburse American for consequential damages (appx. \$150,000 to date) and for Borrower's legal costs in the arbitration and (iii) pay American approximately \$1,000,000 in interest at 8% per annum, less the ARPS dividends Borrower received following the failed auction. The arbitration is scheduled currently to take place in December 2010.

**SCHEDULE 2
TO
SECURITY AGREEMENT**

Filing Offices

Grantor

American Oil & Gas Inc.

Filing Offices

Nevada Secretary of State
Divide County, North Dakota
Dunn County, North Dakota
McKenzie County, North Dakota
Mountrial County, North Dakota
Williams County, North Dakota

**SCHEDULE 3
TO
SECURITY AGREEMENT**

Office Locations, Type and Jurisdiction of Organization

<u>Name of Grantor</u>	<u>Type of Organization</u>	<u>Office Locations</u>	<u>Jurisdiction of Organization</u>	<u>Organization Number</u>
American Oil & Gas Inc.	Corporation	1050 17 th Street, Suite 2400 Denver, Colorado 80265 Attention: Andrew P. Calerich Facsimile: 303-595-0709	Nevada	NV20001212208

**SCHEDULE 4
TO
SECURITY AGREEMENT**

Locations of Equipment and Inventory

Name of Grantor

Locations of Equipment and Inventory

American Oil & Gas Inc.

Please refer to Schedule 4.01(g) and Schedules 5.08(b) of the Credit Agreement.
Inventory consisting of pipe product is also held at the following locations:

Inter-Mountain Pipe & Threading Co.

1964 E. 1st Street
Casper, Wyoming 82601

Black Hills Trucking Inc.—The WB Supply Casing

1008 58th Street West
Williston, North Dakota

North Finn Yard

7165 Nugget Road
Casper Wyoming 82636

**SCHEDULE 5
TO
SECURITY AGREEMENT**

Other Names

Name of Grantor	Other Names
American Oil & Gas Inc.	None.

**SCHEDULE 6
TO
SECURITY AGREEMENT**

<u>Equity Issuer</u>	<u>Class of Equity</u>	<u>Equity Certificate Nos.</u>	<u>Par Value</u>	<u>Amount of Equity Interests</u>	<u>Percentage of Outstanding Equity Pledged</u>
Tower American Corporation	Common Stock	1	None	1,000 Shares of Common Stock	100%

**SCHEDULE 7
TO
SECURITY AGREEMENT**

Debt Issuer

Amount of Indebtedness

Tower American Corporation

Tower American Corporation owes American Oil & Gas Inc. approx. \$300,000 per month for its operating expenses which is evidenced by a book entry loan and not evidenced by a promissory note.

**SCHEDULE 8
TO
SECURITY AGREEMENT**

U.S. Trademarks:

None.

Foreign Trademarks:

None.

**SCHEDULE 9
TO
SECURITY AGREEMENT**

U.S. Patents Issued:

None.

U.S. Patents Pending:

None.

Foreign Patents Issued:

None.

Foreign Patents Pending:

None.

**SCHEDULE 10
TO
SECURITY AGREEMENT**

U.S. Copyright Registrations:

None.

Foreign Copyright Registrations:

None.

Pending U.S. Copyright Registration Applications:

None.

Pending Foreign Copyright Registration Applications:

None.

**SCHEDULE 11
TO
SECURITY AGREEMENT**

Deposit Accounts, Securities Accounts, Commodity Accounts

<u>Type of Account</u>	<u>Depository Bank or Securities Intermediary</u>	<u>Address of Depository Bank or Securities Intermediary</u>	<u>Account Number</u>
ZBA Checking	Wells Fargo Bank, National Association	1050 17 th Street Denver, CO 80265	6816555723
Business Checking (Main Operating Account)	Wells Fargo Bank, National Association	1050 17 th Street Denver, CO 80265	6816548744
Savings	Wells Fargo Bank, National Association	1050 17 th Street Denver, CO 80265	8991009492
Business Checking Account in the name of Tower American Corporation	Wells Fargo Bank, National Association	1050 17 th Street Denver, CO 80265	8275179748

**SCHEDULE 12
TO
SECURITY AGREEMENT**

Chattel Paper

None.

**SCHEDULE 13
TO
SECURITY AGREEMENT**

Letter-of-Credit Rights

None.

**SCHEDULE 14
TO
SECURITY AGREEMENT**

Documents

None.

**SCHEDULE 15
TO
SECURITY AGREEMENT**

Motor Vehicles

None.

[FORM OF GRANT OF TRADEMARK SECURITY INTEREST]

GRANT OF TRADEMARK SECURITY INTEREST

WHEREAS, [NAME OF GRANTOR], a _____ corporation (“**Grantor**”), owns and uses in its business, and will in the future adopt and so use, various intangible assets, including the Trademark Collateral (as defined below); and

WHEREAS, {Company Name}, a {Company’s State of Organization} corporation (“**Company**”), has entered into a Credit Agreement dated as of August 27, 2010 (said Credit Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Credit Agreement**”) with the financial institutions named therein (collectively, together with their respective successors and assigns party to the Credit Agreement from time to time, the “**Lender**”), _____, as Syndication Agent, and {Administrative Agent Name}, as Administrative Agent for the Lender (in such capacity, “**Secured Party**”) pursuant to which Lender have made certain commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to Company; and

WHEREAS, pursuant to the terms of a Security Agreement dated as of {Credit Agreement Date} (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Security Agreement**”), among Grantor, Secured Party and the other grantors named therein, Grantor has created in favor of Secured Party a security interest in, and Secured Party has become a secured creditor with respect to, the Trademark Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, subject to the terms and conditions of the Security Agreement, to evidence further the security interest granted by Grantor to Secured Party pursuant to the Security Agreement, Grantor hereby grants to Secured Party a security interest in all of Grantor’s right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located (the “**Trademark Collateral**”):

all rights, title and interest (including rights acquired pursuant to a license or otherwise) in and to all trademarks, service marks, designs, logos, indicia, tradenames, trade dress, corporate names, company names, business names, fictitious business names, trade styles and/or other source and/or business identifiers and applications pertaining thereto, owned by such Grantor, or hereafter adopted and used, in its business (including, without limitation, the trademarks set forth on Schedule A annexed hereto) (collectively, the “**Trademarks**”), all registrations that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in foreign countries (including, without limitation, the registrations and applications set forth on Schedule A annexed hereto), all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States and any state thereof and in foreign countries, and all goodwill of such Grantor’s business symbolized by the Trademarks and associated therewith; and

all proceeds, products, rents and profits of or from any and all of the foregoing Trademark Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Trademark Collateral. For purposes of this Grant of Trademark Security Interest, the term “**proceeds**” includes whatever is receivable or received when Trademark Collateral or proceeds are sold, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Grantor has caused this Grant of Trademark Security Interest to be duly executed and delivered by its officer thereunto duly authorized as of the ____ day of ____, ____.

[NAME OF GRANTOR]

By: _____

Name: _____

Title: _____

**SCHEDULE A
TO
GRANT OF TRADEMARK SECURITY INTEREST**

<u>Owner</u>	<u>Trademark Description</u>	<u>Registration/ Appl. Number</u>	<u>Registration/ Appl. Date</u>
--------------	----------------------------------	---------------------------------------	-------------------------------------

[FORM OF GRANT OF PATENT SECURITY INTEREST]

GRANT OF PATENT SECURITY INTEREST

WHEREAS, [NAME OF GRANTOR], a _____ corporation (“**Grantor**”), owns and uses in its business, and will in the future adopt and so use, various intangible assets, including the Patent Collateral (as defined below); and

WHEREAS, {Company Name}, a {Company’s State of Organization} corporation (“**Company**”), has entered into a Credit Agreement dated as of August 27, 2010 (said Credit Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Credit Agreement**”) with the financial institutions named therein (collectively, together with their respective successors and assigns party to the Credit Agreement from time to time, the “**Lender**”), _____, as Syndication Agent, and {Administrative Agent Name}, as Administrative Agent for the Lender (in such capacity, “**Secured Party**”), pursuant to which Lender have made certain commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to Company; and

WHEREAS, pursuant to the terms of a Security Agreement dated as of {Credit Agreement Date} (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Security Agreement**”), among Grantor, Secured Party and the other grantors named therein, Grantor created in favor of Secured Party a security interest in, and Secured Party has become a secured creditor with respect to, the Patent Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, subject to the terms and conditions of the Security Agreement, to evidence further the security interest granted by Grantor to Secured Party pursuant to the Security Agreement, Grantor hereby grants to Secured Party a security interest in all of Grantor’s right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located (the “**Patent Collateral**”):

all rights, title and interest (including rights acquired pursuant to a license or otherwise) in and to all patents and patent applications and rights and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned or held by such Grantor and all patents and patent applications and rights, title and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned by such Grantor in whole or in part (including, without limitation, the patents and patent applications set forth on Schedule A annexed hereto), all rights (but not obligations) corresponding thereto to sue for past, present and future infringements and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof; and

all proceeds, products, rents and profits of or from any and all of the foregoing Patent Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Patent Collateral. For purposes of this Grant of Patent Security Interest, the term "proceeds" includes whatever is receivable or received when Patent Collateral or proceeds are sold, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, Grantor has caused this Grant of Patent Security Interest to be duly executed and delivered by its officer thereunto duly authorized as of the ____ day of ____, ____.

[NAME OF GRANTOR]

By: _____

Name: _____

Title: _____

**SCHEDULE A
TO
GRANT OF PATENT SECURITY INTEREST**

Patents Issued:

<u>Patent No.</u>	<u>Issue Date</u>	<u>Invention</u>	<u>Inventor(s)</u>
-------------------	-------------------	------------------	--------------------

Patents Pending:

<u>Applicant's Name</u>	<u>Date Filed</u>	<u>Application Number</u>	<u>Invention</u>	<u>Inventor(s)</u>
-------------------------	-------------------	-------------------------------	------------------	--------------------

[FORM OF GRANT OF COPYRIGHT SECURITY INTEREST]

GRANT OF COPYRIGHT SECURITY INTEREST

WHEREAS, [NAME OF GRANTOR], a _____ corporation (“**Grantor**”), owns and uses in its business, and will in the future adopt and so use, various intangible assets, including the Copyright Collateral (as defined below); and

WHEREAS, {Company Name} a {Company’s State of Organization} corporation (“**Company**”), has entered into a Credit Agreement dated as of August 27, 2010 (said Credit Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Credit Agreement**”) with the financial institutions named therein (collectively, together with their respective successors and assigns party to the Credit Agreement from time to time, the “**Lender**”), _____, as Syndication Agent, and {Administrative Agent Name}, as Administrative Agent for the Lender (in such capacity, “**Secured Party**”), pursuant to which Lender have made certain commitments, subject to the terms and conditions set forth in the Credit Agreement, to extend certain credit facilities to Company; and

WHEREAS, pursuant to the terms of a Security Agreement dated as of {Credit Agreement Date} (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the “**Security Agreement**”), among Grantor, Secured Party and the other grantors named therein, Grantor created in favor of Secured Party a security interest in, and Secured Party has become a secured creditor with respect to, the Copyright Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, subject to the terms and conditions of the Security Agreement, to evidence further the security interest granted by Grantor to Secured Party pursuant to the Security Agreement, Grantor hereby grants to Secured Party a security interest in all of Grantor’s right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest and wherever the same may be located (the “**Copyright Collateral**”):

all rights, title and interest (including rights acquired pursuant to a license or otherwise) under copyright in various published and unpublished works of authorship including, without limitation, computer programs, computer data bases, other computer software layouts, trade dress, drawings, designs, writings, and formulas (including, without limitation, the works set forth on Schedule A annexed hereto, as the same may be amended pursuant hereto from time to time) (collectively, the “**Copyrights**”), all copyright registrations issued to Grantor and applications for copyright registration that have been or may hereafter be issued or applied for thereon in the United States and any state thereof and in foreign countries (including, without limitation, the registrations set forth on Schedule A annexed hereto, as the same may be amended pursuant hereto from time to

time) (collectively, the “**Copyright Registrations**”), all common law and other rights in and to the Copyrights in the United States and any state thereof and in foreign countries including all copyright licenses (but with respect to such copyright licenses, only to the extent permitted by such licensing arrangements) (the “**Copyright Rights**”), including, without limitation, each of the Copyrights, rights, titles and interests in and to the Copyrights, all derivative works and other works protectable by copyright, which are presently, or in the future may be, owned, created (as a work for hire for the benefit of Grantor), authored (as a work for hire for the benefit of Grantor), or acquired by Grantor, in whole or in part, and all Copyright Rights with respect thereto and all Copyright Registrations therefor, heretofore or hereafter granted or applied for, and all renewals and extensions thereof, throughout the world, including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits), the right (but not the obligation) to renew and extend such Copyright Registrations and Copyright Rights and to register works protectable by copyright and the right (but not the obligation) to sue in the name of such Grantor or in the name of Secured Party or Lender for past, present and future infringements of the Copyrights and Copyright Rights; and

all proceeds, products, rents and profits of or from any and all of the foregoing Copyright Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Copyright Collateral. For purposes of this Grant of Copyright Security Interest, the term “**proceeds**” includes whatever is receivable or received when Copyright Collateral or proceeds are sold, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Grant of Copyright Security Interest to be duly executed and delivered by its officer thereunto duly authorized as of the ____ day of ____, ____.

[NAME OF GRANTOR]

By: _____

Name: _____

Title: _____

**SCHEDULE A
TO
GRANT OF COPYRIGHT SECURITY INTEREST**

U.S. Copyright Registrations:

<u>Title</u>	<u>Registration No.</u>	<u>Date of Issue</u>	<u>Registered Owner</u>
--------------	-------------------------	----------------------	-------------------------

Foreign Copyright Registrations:

<u>Country</u>	<u>Title</u>	<u>Registration No.</u>	<u>Date of Issue</u>
----------------	--------------	-------------------------	----------------------

Pending U.S. Copyright Registration Applications:

<u>Title</u>	<u>Appl. No.</u>	<u>Date of Application</u>	<u>Copyright Claimant</u>
--------------	------------------	----------------------------	---------------------------

Pending Foreign Copyright Registration Applications:

<u>Country</u>	<u>Title</u>	<u>Appl. No.</u>	<u>Date of Application</u>
----------------	--------------	------------------	----------------------------

PLEDGE SUPPLEMENT

This Pledge Supplement, dated as of _____, is delivered pursuant to the Security Agreement, dated as of August 27, 2010 between _____, a _____ ("**Grantor**"), the other Grantors named therein, and Hess Corporation, as Secured Party (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the "**Security Agreement**"). Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Security Agreement.

Grantor hereby agrees that the [Pledged Equity] [Pledged Debt] set forth on Schedule A annexed hereto shall be deemed to be part of the [Pledged Equity] [Pledged Debt] and shall become part of the Securities Collateral and shall secure all Secured Obligations.

IN WITNESS WHEREOF, Grantor has caused this Pledge Supplement to be duly executed and delivered by its duly authorized officer as of _____.

[GRANTOR]

By: _____
Title: _____

**SCHEDULE A
TO
PLEDGE SUPPLEMENT**

IP SUPPLEMENT

This IP SUPPLEMENT, dated as of _____, is delivered pursuant to and supplements (i) the Security Agreement, dated as of August 27, 2010 (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time, being the "**Security Agreement**"), among American Oil & Gas Inc., [Insert Name of Grantor] ("**Grantor**"), the other grantors named therein, and Hess Corporation, as Secured Party, and (ii) the [Grant of Trademark Security Interest] [Grant of Patent Security Interest] [Grant of Copyright Security Interest] dated as of _____, _____ (the "**Grant**") executed by Grantor. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Grant.

Grantor grants to Secured Party a security interest in all of Grantor's right, title and interest in and to the [Trademark Collateral] [Patent Collateral] [Copyright Collateral] set forth on Schedule A annexed hereto. All such [Trademark Collateral] [Patent Collateral] [Copyright Collateral] shall be deemed to be part of the [Trademark Collateral] [Patent Collateral] [Copyright Collateral] and shall be hereafter subject to each of the terms and conditions of the Security Agreement and the Grant.

IN WITNESS WHEREOF, Grantor has caused this IP Supplement to be duly executed and delivered by its duly authorized officer as of _____.

[GRANTOR]

By: _____
Title: _____

[FORM OF COUNTERPART]

COUNTERPART (this “**Counterpart**”), dated as of _____, is delivered pursuant to Section 21 of the Security Agreement referred to below. The undersigned hereby agrees that this Counterpart may be attached to the Security Agreement, dated as of August 27, 2010 (said Security Agreement, as it may heretofore have been and as it may hereafter be further amended, restated, supplemented or otherwise modified from time to time being the “**Security Agreement**”; capitalized terms used herein not otherwise defined herein shall have the meanings ascribed therein), among American Oil & Gas Inc., the other Grantors named therein, and Hess Corporation as Secured Party. The undersigned by executing and delivering this Counterpart hereby becomes a Grantor under the Security Agreement in accordance with Section 21 thereof and agrees to be bound by all of the terms thereof. [Without limiting the generality of the foregoing, the undersigned hereby:

(i) authorizes the Secured Party to add the information set forth on the Schedules to this Agreement to the correlative Schedules attached to the Security Agreement;¹

(ii) agrees that all Collateral of the undersigned, including the items of property described on the Schedules hereto, shall become part of the Collateral and shall secure all Secured Obligations; and

(iii) makes the representations and warranties set forth in the Security Agreement, as amended hereby, to the extent relating to the undersigned.]

[NAME OF ADDITIONAL GRANTOR]

By: _____
Name: _____
Title: _____

¹ The Schedules to the Counterpart should include copies of all Schedules that identify collateral to be granted by the Additional Grantor.

MORTGAGE, SECURITY AGREEMENT,
FINANCING STATEMENT AND
ASSIGNMENT OF PRODUCTION

FROM

AMERICAN OIL & GAS INC.

TO

HESS CORPORATION

DATED EFFECTIVE AS OF AUGUST 27, 2010

“THIS INSTRUMENT CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS.”

“THE OIL AND GAS INTERESTS INCLUDED IN THE MORTGAGED PROPERTY WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE PROPERTIES DESCRIBED IN EXHIBIT A HERETO, AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS.”

“THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES.”

FOR PURPOSES OF FILING THIS INSTRUMENT AS A FINANCING STATEMENT, THE MAILING ADDRESSES AND FEDERAL TAX IDENTIFICATION NUMBER OF THE MORTGAGOR AND THE MAILING ADDRESS OF THE BANK ARE AS FOLLOWS:

MORTGAGOR AMERICAN OIL & GAS INC.
Federal Tax ID # 88-0451554
Address 1050 17th Street, Suite 2400
 Denver, CO 80265

MORTGAGEE HESS CORPORATION
Address 1185 Avenue of the Americas
 New York, NY 10036

ATTENTION OF RECORDING OFFICER:

This instrument is a mortgage of both real and personal property and is, among other things, a security agreement under the Uniform Commercial Code and a financing statement under the Uniform Commercial Code. This instrument creates a lien on rights in or relating to the lands of the Mortgagor which are described in Exhibit A hereto.

THIS MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT, AND ASSIGNMENT OF PRODUCTION (as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto, this "Mortgage") dated effective as of August 27, 2010, is from AMERICAN OIL & GAS INC., a Nevada corporation whose address is 1050 17th Street, Suite 2400, Denver, CO 80265 ("Mortgagor"), to HESS CORPORATION, a Delaware corporation whose address is 1185 Avenue of the Americas, New York, NY 10036, as Mortgagee ("Lender").

WITNESSETH:

Each capitalized term used in this Mortgage (including, without limitation, in the introductory paragraph or recitals hereof) and which is not otherwise defined in this Mortgage shall have the meaning assigned to such term in the Loan Agreement (as defined in Section 1.1(a) hereof).

For all purposes of this Mortgage, unless the context otherwise requires:

A. "Environmental Law" shall mean any and all federal, state, and local laws and statutes, regulations, ordinances, rules, judgments, injunctions, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions imposing liability or standards of conduct concerning or otherwise 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, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, recycling, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

B. "Event of Default" shall mean any "Event of Default" (as defined in the Loan Agreement) or the occurrence of any event identified in Section 2.7(a), 2.7(b) or 2.12 of this Mortgage as being an "Event of Default".

C. "Hydrocarbons" shall mean oil, crude oil and petroleum products, gas and other liquid or gaseous hydrocarbons.

D. "Indebtedness" shall have the meaning set forth in Section 1.2 hereof.

E. "Lands described in Exhibit A" shall include all lands or oil and gas interests, the description of which is contained in Exhibit A, and shall also include any lands or oil and gas interests now or hereafter unitized or pooled with lands or oil and gas interests which are described in Exhibit A.

F. "Lien" shall mean, with respect to any property, any mortgage, lien, security interest, assignment of production, pledge, charge, burden, or encumbrance of any kind or character imposed upon any property by which it is made security for the performance of an act or obligation.

G. "Loan Agreement" shall have the meaning set forth in Section 1.1(a) hereof.

H. "Mortgage" shall have the meaning set forth in the introductory paragraph of this Mortgage.

I. "Mortgaged Property" shall have the meaning set forth in the sentence immediately following Granting Clause (g).

J. "Oil and Gas Leases" shall include oil, gas and mineral leases and shall also include subleases and assignments of operating rights.

K. "Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities or other property of whatsoever kind or nature (excluding drilling rigs, trucks, automotive equipment or other property taken to the premises to drill a well or for other similar temporary uses) now or hereafter located on any of the Lands described in Exhibit A which is used or useful for the production, treatment, storage or transportation of Hydrocarbons, including, but not limited to, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, heater treaters, valves, gun barrels, flow lines, tanks, gas systems and compressors (for gathering, treating and compression), water systems (for treating, disposal and injection), pipelines (including gathering lines, laterals and trunklines, if any), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

L. "Production Sale Contracts" shall mean all contracts now in effect, or hereafter entered into by the Mortgagor, or any of the Mortgagor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands described in Exhibit A attached hereto and made a part hereof, as amended from time to time.

M. "UCC" shall mean the Uniform Commercial Code of the State of North Dakota as in effect from time to time.

NOW, THEREFORE, the Mortgagor, for and in consideration of the premises and the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to the Mortgagor, the receipt and sufficiency of which are hereby acknowledged, does grant, bargain, sell, warrant, mortgage, assign, transfer and convey, with power of sale hereby granted, unto the Lender, and to its successor or successors all of the Mortgagor's right, title and interest, whether now owned or hereafter acquired, in, to and under all Oil and Gas Leases and all other oil and gas interests specifically described in Exhibit A, together with all of the Mortgagor's rights, title and interest in all of the hereinafter described properties, rights and interests; and, insofar as such properties, rights and interests consist of equipment, general intangibles, accounts, chattel paper, contract rights, inventory, fixtures, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the UCC, the Mortgagor hereby grants to the Lender a security interest therein; namely:

(a) the Lands described in Exhibit A, all oil and gas interests described in Exhibit A, and all Oil and Gas Leases, mineral, overriding royalty, royalty and other interests which are specifically described in Exhibit A;

(b) all presently existing unitization and pooling agreements, as amended from time to time, and the properties covered and the units created thereby (including all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction) which are referred to in Exhibit A or which relate to any of the properties and interests referred to in Exhibit A, whether or not the same are described with specificity;

(c) all Hydrocarbons which are in, under, upon, attributable to, produced or to be produced from the oil and gas interests and the Lands described in Exhibit A, and all inventory thereof upon extraction from the wellhead or minehead (the "Subject Hydrocarbons");

(d) the Production Sale Contracts, and all accounts (as defined in the UCC) resulting from the sale of Subject Hydrocarbons at the wellhead or minehead or otherwise;

(e) all Operating Equipment;

(f) without limitation of the foregoing, all other right, title and interest in any real or personal property of the Mortgagor of whatever kind or character, now owned or hereafter acquired by Mortgagor related to the Lands and specifically excluding the Specified Properties (as defined in the Merger Agreement); and

(g) all proceeds and products of the foregoing and all accessions thereto and substitutions therefor, together with any and all corrections or amendments to, or renewals, extensions or ratifications of, any of the same, or of any instrument relating thereto, and all rights-of-way, franchises, licenses, permits, certificates of public conveniences and necessity, easements, contractual rights, tenements, hereditaments and appurtenances now existing or in the future obtained in connection with any of the aforesaid, and all other things of value and incident thereto which the Mortgagor might at any time have or be entitled to.

All of Mortgagor's undivided interests specified in Exhibit A in, to and under the Oil and Gas Leases and other oil and gas interests specifically described in Exhibit A, and all of Mortgagor's right, title and interest in and to the aforesaid properties, rights and interests, together with any additions thereto which may be subjected to the Lien of this Mortgage pursuant to paragraph (f) above or otherwise, are hereinafter referred to as the "Mortgaged Property".

Subject, however, to (i) the terms of all valid and subsisting interests, matters, and agreements of record that burden any of the Mortgaged Property and all applicable Laws, (ii) the restrictions, exceptions, reservations, conditions, limitations, interest and other matters, if any, set forth or referred to in the specific descriptions of such properties and interests in Exhibit A (including all presently existing royalties, payments out of production and other burdens which are referred to in Exhibit A and which are taken into consideration in computing the decimal fractional net revenue interest as set forth in Exhibit A), (iii) the assignment of production contained in Article 3 hereof, (iv) the condition that the Lender shall not be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect of the Mortgaged Property, and (v) any mortgage, charge, lien or other encumbrance granted by the Mortgagor on property in order to secure funds required for the purchase of such property from and after the date hereof.

TO HAVE AND TO HOLD the Mortgaged Property unto the Lender, and to its successor or successors forever to secure the payment of the Indebtedness and to secure the performance of the obligations of the Mortgagor herein contained.

The Mortgagor, in consideration of the premises and to induce the Lender to make loans or extend other accommodations to or for the account of Mortgagor, hereby covenants and agrees with the Lender as follows:

ARTICLE 1 INDEBTEDNESS SECURED

1.1. Indebtedness Secured. The following items of indebtedness are secured hereby:

(a) the obligations of the Mortgagor to the Lender now or hereafter existing under that certain Credit Agreement, dated as of August 27, 2010, by and between the parties hereto and all amendments thereto (the "Loan Agreement");

(b) any sums advanced or expenses or costs incurred by the Lender (or any receiver appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof or the terms of the Loan Agreement, plus interest thereon at the rate herein specified or otherwise agreed upon by the Mortgagor, from the date of the advances or the incurring of such expenses or costs until reimbursed; and

(c) any extensions or renewals of all such indebtedness described in subparagraphs (a) and (b) above, together with all other and future indebtedness now or hereafter owing by the Mortgagor to the Lender.

1.2. Indebtedness Defined. All the above items of indebtedness referred to in Section 1.1 of this Mortgage are hereinafter collectively referred to as the "Indebtedness".

ARTICLE 2 PARTICULAR COVENANTS AND WARRANTIES OF THE MORTGAGOR

2.1. Payment of the Indebtedness. The Mortgagor will duly and punctually repay the Indebtedness and all related Obligations in accordance with the terms of the Loan Agreement.

2.2. Warranties. The Mortgagor represents and warrants to the Lender that:

(a) the Oil and Gas Leases described in Exhibit A hereto (i) are valid, binding and enforceable (subject to lease expirations in the ordinary course of business) by and against the Mortgagor, (ii) have been validly recorded or registered with all relevant Governmental Entities (as defined in the Merger Agreement) so as to provide actual or constructive notice to and be enforceable against all Third Parties (as defined in the Merger Agreement), except for such Oil and Gas Leases described in Exhibit A hereto that do not have recording information but that Mortgagor represents and warrants are being validly recorded or registered, as the case may be, with the relevant Governmental Entities in the ordinary course of Mortgagor's business, and (iii) have not been terminated;

(b) except (i) as, individually or in the aggregate, would not be material to the Mortgagor, taken as a whole, and (ii) for goods and other property sold, used or otherwise disposed of since December 31, 2009 in the ordinary course of business, Mortgagor is the sole and legal beneficial owners with good and defensible title to all of the Oil and Gas Leases described in Exhibit A hereto, free and clear of all Liens except for (A) free from all Liens whatsoever, except as may be currently of public record, specifically set forth in Exhibit A, as permitted by the Loan Agreement or any Permitted Liens (as defined in the Merger Agreement) and (B) Production Burdens (as defined in the Merger Agreement) set forth on Schedule 3.17(a)(iii) of the Company Disclosure Letter (as defined in the Merger Agreement). For purposes of this Section 2.2, "good and defensible title" means title that is free from reasonable doubt to the end that a prudent person engaged in the business of purchasing and owning, developing, and operating producing oil and gas properties in the geographical areas in which they are located, with knowledge of all of the facts and their legal bearing, would be willing to accept the same acting reasonably; and

(c) the Mortgagor is not obligated, by virtue of any prepayment under any contract providing for the sale by the Mortgagor of Hydrocarbons which contains a "take or pay" clause or under any similar arrangement, to deliver the Subject Hydrocarbons at some future time without then or thereafter receiving full payment therefor. The Mortgagor will warrant and forever defend the Mortgaged Property set forth in Exhibit A unto the Lender against every person whomsoever lawfully claiming or seeking to claim the same or any part thereof and will maintain and preserve the Lien hereby created so long as any of the Indebtedness remains unpaid.

2.3. Further Assurances. The Mortgagor will execute and deliver such other and further instruments and will do such other and further acts as in the opinion of the Lender may be necessary or desirable to carry out more effectually the purposes of this Mortgage, including, without limiting the generality of the foregoing, (a) correction of any defect in violation of Mortgagor's representation in Section 2.2 of this Mortgage with all due diligence which may hereafter be discovered in the title to the Mortgaged Property or in the execution and acknowledgment of this Mortgage, or any other document used in connection herewith, (b) prompt execution and delivery of all division or transfer orders which in the opinion of the Lender are needed to transfer effectually the assigned proceeds of production from the Mortgaged Property to the Lender and (c) prompt execution and delivery of all documents, agreements, supplements or amendments hereto, as may be required by Lender, to cause any interests not specifically described on Exhibit A, whether now owned or hereafter acquired, to be subjected to this Mortgage as additional security hereunder pursuant to Granting Clause (f).

2.4. Operation of the Mortgaged Property. Subject to Section 2.5 hereof, so long as the Indebtedness or any part thereof remains unpaid, the Mortgagor shall, at the Mortgagor's own expense:

(a) Do all things necessary to keep unimpaired the Mortgagor's rights in the Mortgaged Property and not, except in the ordinary course of business, abandon any well without the prior written consent of the Lender;

(b) Cause the Lands described in Exhibit A to be maintained, developed, protected against drainage, and continuously operated for the production of Hydrocarbons in a good and workmanlike manner as would a reasonably prudent operator, and in accordance with generally accepted practices, applicable operating agreements, and all applicable federal, state and local laws, rules and regulations, excepting those being contested in good faith and by appropriate proceedings;

(c) Cause to be paid, promptly as and when due and payable, all rentals and royalties payable in respect of the Mortgaged Property, and all expenses incurred in or arising from the operation or development of the Mortgaged Property (except as contested in good faith and by appropriate judicial or other proceedings);

(d) Cause the Operating Equipment to be kept in good and effective operating condition, and make all necessary or appropriate repairs, renewals, replacements, additions and improvements thereof or thereto, so that the efficiency of such Operating Equipment shall at all times be properly preserved and maintained, provided that no item of Operating Equipment need be so repaired, renewed, replaced, added to or improved if the Mortgagor shall in good faith determine that such action is not necessary or desirable for the continued efficient and profitable operation of the business of the Mortgagor, and that the failure to take such action will not prejudice the interests of the Lender;

(e) Cause the Mortgaged Property to be kept free and clear of Liens of every character, other than Liens permitted by the Loan Agreement;

(f) Maintain or cause to be maintained insurance in accordance with the terms of the Loan Agreement; and

(g) Shall not, without the prior written consent of the Lender, sell, lease, deal with or dispose of any Hydrocarbons, now or hereafter owned by the Mortgagor other than in the ordinary course of business now conducted by the Mortgagor.

2.5. Limitation on Mortgagor's Obligations with respect to Non-Operated Properties. With respect to Mortgaged Property which is operated by operators other than the Mortgagor, the Mortgagor shall not be obligated itself to perform any undertakings contemplated by the covenants and agreements contained in this Mortgage which are performable only by such operators and are beyond the control of the Mortgagor; *provided, however*, that the Mortgagor agrees to promptly take all actions available to the Mortgagor under any operating agreement or otherwise to bring about the performance of any such undertaking required to be performed by such operators. In addition, with respect to that portion of the Mortgaged Property, if any, that consists of royalty interests, overriding royalty interests, production payments, net profits interests, or any other type of non-cost-bearing interest, the Mortgagor shall not be obligated to perform any undertakings contemplated by the covenants and agreements contained in Section 2.4(a)-(d), inclusive.

2.6. Recording, Etc. The Mortgagor will promptly and at the Mortgagor's expense, record, register, deposit and file this and every other instrument in addition or supplemental hereto in such offices and places and at such times and as often as may be necessary to preserve, protect, perfect and renew the Lien hereof as a first Lien on real or personal property (except as set forth herein), as the case may be, and the rights and remedies of the Lender, and otherwise will do and perform all matters or things necessary or expedient to be done or observed by reason of any law or regulation of any State or of the United States or of any other competent authority, for the purpose of effectively creating, perfecting, maintaining and preserving the Lien hereof as a first Lien on the Mortgaged Property.

2.7. Sale and Mortgage of the Mortgaged Property. (a) The Mortgagor covenants and agrees that the Lender may, at its sole option, elect to treat any sale, transfer, lease or conveyance, including, without limitation, any granting of an option, right of first refusal or other right to purchase, lease or acquire, of the Mortgaged Property or any part thereof or interest therein, if such sale, transfer, lease or conveyance is not permitted by the Loan Agreement (any such sale, transfer, lease or conveyance not permitted by the Loan Agreement is hereinafter referred to as a "Transfer") and the Mortgagor has not obtained the prior written consent of the Lender to such Transfer, as an Event of Default and thereupon may invoke any remedies permitted by this Mortgage, provided, however, that any sale of Subject Hydrocarbons in the ordinary course of business shall not be deemed a Transfer for the purpose of this Section 2.7. Without limiting the foregoing option, the Lender may (if it so elects) consent to any proposed Transfer and may require as a condition to its consent incident to any such Transfer, evidence satisfactory to the Lender of the creditworthiness and management ability of any proposed transferee and further that such transferee execute incident to any such Transfer a written assumption agreement in the form and containing such terms as the Lender may require. The consent to any proposed Transfer shall not be deemed a consent or waiver of any of the terms of this Section 2.7 with regard to any other future Transfer or encumbrance (including a Transfer incident to foreclosure of a consented to encumbrance), and no consent shall be binding unless set forth in writing and signed by the Lender.

(b) The Mortgagor covenants and agrees that the Lender may, at its sole option, elect to treat the Mortgagor's mortgage, pledge, hypothecation or encumbrance, whether or not expressly subordinate to the Liens, assignments and security interests of this Mortgage, of the Mortgaged Property or any part thereof or interest therein, if such mortgage, pledge, hypothecation or encumbrance is not permitted by the Loan Agreement (any such mortgage, pledge, hypothecation or encumbrance not permitted by the Loan Agreement is hereinafter referred to as a "Pledge") and the Mortgagor has not obtained the prior written consent of the Lender to such Pledge, as an Event of Default and thereupon may invoke any remedies permitted by this Mortgage. Without limiting the foregoing option, the Lender may (if it so elects) consent to any proposed Pledge and may require as a condition to its consent, detailed information with respect to such Pledge and further that the holder of such Pledge shall have executed a written subordination agreement in form and containing such terms as the Lender may require, including, without limitation, an express subordination of such Pledge and any indebtedness secured thereby to the Liens, assignments and security interests of this Mortgage and to the payment of the Indebtedness. The consent to any proposed Pledge shall not be deemed a consent or waiver of any of the terms of this Section 2.7 with regard to any other or future Pledge, and no consent shall be binding unless set forth in writing and signed by the Lender.

(c) Notwithstanding anything contained in subsections (a) or (b) of this Section 2.7 to the contrary, the Lender may not elect to treat as an Event of Default any Transfer or Pledge with respect to the Mortgaged Property or any interest therein (i) resulting from a farmout, joint operating, pooling, unitization or area of mutual interest agreement with a third party or parties which the Mortgagor enters into in the ordinary course of business in good faith and which the Mortgagor determines in good faith to be necessary for or advantageous to the economic development or operation of the Mortgaged Property and which would be deemed customary by a reasonably prudent operator under circumstances prevailing in the oil and gas industry in the general area of such portion of the Mortgaged Property, or (ii) to the extent that the Lender has granted its prior written consent to such Transfer or Pledge.

2.8. Intentionally Omitted.

2.9. Intentionally Omitted.

2.10. Intentionally Omitted.

2.11. Corporate Matters. The Mortgagor will maintain its corporate existence in the state of its incorporation and Mortgagor will not change its corporate name without first giving the Lender at least 30 days' prior written notice and executing such supplements and amendments to this Mortgage and the Loan Agreement as the Lender may request. The Mortgagor is and will continue to be duly qualified to transact business in each state where the conduct of its business requires it to be so qualified, and will not, without the prior written consent of the Lender, consolidate with or merge with or into any other corporation unless such consolidation or merger is permitted by the Loan Agreement.

2.12. Compliance with Environmental Laws. The Mortgagor will not cause or permit the Mortgaged Property to be in violation of or do anything or permit anything to be done which will subject the Mortgaged Property to, any remedial obligations under any Environmental Law. The Mortgagor will not use the Mortgaged Property in a manner which will result in (i) the disposal or other release of any solid waste or hazardous substance on or to the Mortgaged Property, (ii) a release of a hazardous substance on or to the Mortgaged Property in a quantity equal to or exceeding that quantity which requires reporting pursuant to Section 103 of CERCLA, or (iii) the release of any hazardous substance on or to the Mortgaged Property so as to pose an imminent and substantial endangerment to public health or welfare or the environment and covenants and agrees to keep or cause the Mortgaged Property to be kept free of any hazardous waste or contaminants released by the Mortgagor and to remove the same (or if removal is prohibited by law, to take whatever action is permitted by law), promptly upon discovery and at its sole expense. In the event the Mortgagor fails to do so by the thirtieth day after receipt of notice of such failure from the Lender, the Lender may either declare an Event of Default under this Mortgage and exercise any and all remedies hereunder or cause the Mortgaged Property to be freed from the hazardous waste or contaminants released by the Mortgagor (or if removal is prohibited by law, to take whatever action is permitted by law), and the cost of the removal or such other action shall be a demand obligation owing by the Mortgagor to the Lender pursuant to this Mortgage and shall bear interest at the Default Rate. The

Mortgagor grants to the Lender and its agents and employees access to the Mortgaged Property and the license to remove the hazardous waste or contaminants released by the Mortgagor (or if removal is prohibited by law, to take whatever action is required by law) and agrees to indemnify and save the Lender harmless from all reasonable out-of-pocket costs and expense involved and from all claims (including, without limitation, consequential damages) asserted or proven against the same by any party in connection therewith. From time to time, after an Event of Default shall have occurred and be continuing, upon the reasonable request of the Lender, the Mortgagor will provide at the Mortgagor's sole expense an inspection or audit of the Mortgaged Property from an engineering or consulting firm selected by the Mortgagor and approved by the Lender, which approval shall not be unreasonably withheld, indicating the presence or absence of such substances on the Mortgaged Property. If the Mortgagor fails to provide same after 10 days' notice, the Lender may order same, and the Mortgagor grants to the Lender and its employees and agents access to the Mortgaged Property and a license to undertake the testing. The reasonable out-of-pocket cost of such tests shall be a demand obligation owing by the Mortgagor to the Lender pursuant to this Mortgage and shall bear interest at the Default Rate. As used in this Mortgage, the terms "hazardous substance" and "release" shall have the meanings specified in the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as subsequently modified, supplemented or amended (herein called "CERCLA"), and for purposes of RCRA (as defined below) compliance the terms "solid waste" and "disposed" shall have the meanings specified in the Federal Resource Conservation and Recovery Act of 1976, as subsequently modified, supplemented or amended (herein called "RCRA").

2.13. Environmental Indemnity. The Mortgagor agrees to indemnify the Lender and its respective shareholders, directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses (including, without limitation, attorneys' fees and court costs), asserted against or incurred by the Lender at any time and from time to time by reason of or arising out of (a) the breach of any representation or warranty of the Mortgagor set forth herein, (b) the failure of the Mortgagor to perform any obligation herein required to be performed by the Mortgagor regarding Environmental Laws, (c) any violation by Mortgagor on or before the Release Date (as hereinafter defined) of any Environmental Law in effect on or before the Release Date, and (d) any act, omission, event or circumstance existing or occurring on or prior to the Release Date (including, without limitation, the presence on the Mortgaged Property or release from the Mortgaged Property of hazardous substances or solid wastes disposed of or otherwise released on or prior to the Release Date), resulting from or in connection with the ownership, construction, occupancy, operation, use and/or maintenance of the Mortgaged Property, regardless of whether the act, omission, event or circumstance constituted a violation of any Environmental Law at the time of its existence or occurrence. The foregoing indemnity shall not apply with respect to matters solely caused by or arising out of the gross negligence or willful misconduct of the Lender. As used in this paragraph, the term "Lender" shall collectively mean and include not only the Lender but also any persons or entities owned or controlled by or affiliated with the Lender. The "Release Date" as used herein shall mean the earlier of: (i) the date on which the Indebtedness secured hereby has been irrevocably paid and performed in full and this Mortgage has been released, (ii) the date on which the Lien of this Mortgage is foreclosed or a deed in lieu of such foreclosure is fully effective, or (iii) the date on which the Lender or its designee assumes control of any of the Mortgaged Property pursuant to Section 5.10. The provisions of this paragraph shall survive the Release Date and shall continue thereafter in full force and effect.

ARTICLE 3 ASSIGNMENT OF PRODUCTION

3.1. Assignment. As further security for the payment of the Indebtedness, the Mortgagor hereby transfers, assigns, warrants and conveys to the Lender, all Hydrocarbons which are hereafter produced from and which accrue to the Mortgaged Property, and all proceeds therefrom; provided, however, the Mortgagor is hereby granted a license to exercise all of its rights with respect to the Hydrocarbons and the proceeds therefrom except during the continuance of an Event of Default, during which time such license shall be suspended. All parties producing, purchasing or receiving any such Hydrocarbons, or having such, or proceeds therefrom, in their possession for which they or others are accountable to the Lender by virtue of the provisions of this Article, are authorized and directed to treat and regard the Lender as the assignee and transferee of the Mortgagor and entitled in the Mortgagor's place and stead during the continuance of an Event of Default to receive such Hydrocarbons and all proceeds therefrom; and said parties and each of them shall be fully protected in so treating and regarding the Lender, and shall be under no obligation to determine if an Event of Default is in fact continuing or to see to the application by the Lender of any such proceeds or payments received by it. If an Event of Default has occurred and is continuing, the Mortgagor hereby authorizes and empowers the Lender to demand, collect and receive such Hydrocarbons and all proceeds therefrom, to execute any release, receipt, division order, transfer order and relinquishment or other instrument that may be required or necessary to collect and receive such Hydrocarbons or the proceeds therefrom, and the Mortgagor hereby authorizes and directs all pipeline companies, gathering companies and others purchasing such Hydrocarbons from the Mortgaged Property or having in their possession any Hydrocarbons from the Mortgaged Property or the proceeds therefrom, to, if an Event of Default has occurred and is continuing and upon notice thereof from the Lender, pay and deliver to the Lender all such Hydrocarbons or proceeds therefrom accruing. The Mortgagor agrees that all division orders, transfer orders, receipts and other instruments which the Lender may from time to time execute and deliver during the continuance of an Event of Default for the purpose of collecting or receipting for such production or the proceeds therefrom may be relied upon in all respects, and that the same shall be binding upon the Mortgagor, and the Mortgagor's successors, heirs, legal representatives and assigns. The Mortgagor agrees to execute and deliver all necessary, convenient and appropriate instruments, including transfer and division orders, which may be required by the Lender in connection with the receipt by the Lender of such Hydrocarbons or the proceeds therefrom.

3.2. Application of Proceeds. All payments received by the Lender pursuant to Section 3.1 hereof shall be applied in accordance with the terms and provisions of the Loan Agreement.

3.3. No Liability of the Lender in Collecting. The Lender is hereby absolved from all liability for failure to enforce collection of any proceeds so assigned and from all other responsibility in connection therewith, except the responsibility to account to the Mortgagor for funds actually received.

3.4. Assignment Not a Restriction. Nothing herein contained shall detract from or limit the absolute obligation of the Mortgagor to make payment of the Indebtedness in accordance with the terms of the Loan Agreement and this Mortgage regardless of whether the proceeds from Hydrocarbons which are produced from and which accrue to the Mortgaged Property and which are assigned by this Article are sufficient to pay the same, and the rights under this Article shall be in addition to all other security now or hereafter existing to secure the payment of the Indebtedness.

3.5. Status of Assignment. Notwithstanding the other provisions of this Article, the Lender or any receiver appointed in judicial proceedings for the enforcement of this Mortgage shall have the right to receive all of the Hydrocarbons herein assigned and the proceeds therefrom during the continuance of an Event of Default and to apply all of said proceeds as provided in Section 3.2 hereof. Upon any sale of the Mortgaged Property or any part thereof pursuant to Article 5, the Hydrocarbons thereafter produced from the property so sold, and the proceeds therefrom, shall be included in such sale and shall pass to the purchaser free and clear of the assignment contained in this Article.

3.6. Indemnity. (a) The Mortgagor hereby agrees to indemnify, reimburse and hold the Indemnitees (as defined in the Loan Agreement) harmless against all Indemnified Liabilities (as defined in the Loan Agreement) to the extent required by the Loan Agreement.

(b) The indemnity obligations of the Mortgagor contained in this Section 3.6 shall continue in full force and effect for the period provided in the Loan Agreement. All amounts owed by the Mortgagor to any Indemnitee pursuant to this Section 3.6 shall be payable, and bear interest, in accordance with the terms of the Loan Agreement.

(c) The obligations of the Mortgagor as set forth in this Section 3.6 shall survive the release of this Mortgage.

ARTICLE 4 EVENTS OF DEFAULT

4.1. Events of Default. If an Event of Default has occurred and is continuing, the Lender, at its option, may declare all Indebtedness secured hereby to be forthwith due and payable, without demand, presentment, notice of intent to accelerate, notice of acceleration, or notice or demand of any kind, all of which are hereby expressly waived by the Mortgagor.

ARTICLE 5 ENFORCEMENT OF THE SECURITY

5.1. Power of Sale. If an Event of Default has occurred and is continuing, the Mortgagor hereby authorizes and fully empowers the Lender to sell the Mortgaged Property and conveys the same to the purchaser as provided for and allowed by the laws of the State of North Dakota.

5.2. Judicial Proceedings. If an Event of Default has occurred and is continuing, in addition to any other remedy provided for or allowed by law, the Lender may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Mortgaged Property, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy.

5.3. Certain Aspects of a Sale. The Lender shall have the right to become the purchaser at any public sale held by the Lender or by any court, receiver or public officer, and the Lender shall have the right to credit the amount of the bid made therefor upon the amount payable out of the net proceeds of such sale to it. Recitals contained in any conveyance made to any purchaser at any sale made hereunder shall conclusively establish the truth and accuracy of the matters therein stated, including, without limiting the generality of the foregoing, nonpayment of the unpaid principal sum of, and the interest accrued on, the Indebtedness after the same has become due and payable, and advertisement and conduct of such sale in the manner provided herein.

5.4. Receipts to Purchaser. Upon any sale, whether made under the power of sale herein granted and conferred or by virtue of judicial proceedings, the receipt of the Lender, or of the officer making sale under judicial proceedings, shall be sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, or his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Lender or of such officer therefor, be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or nonapplication thereof.

5.5. Effect of Sale. Any sale or sales of the Mortgaged Property, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity, of the Mortgagor of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against the Mortgagor, and the Mortgagor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under the Mortgagor, or the Mortgagor's successors or assigns. Nevertheless, the Mortgagor, if requested by the Lender so to do, shall join in the execution and delivery of all property conveyances, assignments and transfers of the properties so sold.

5.6. Application of Proceeds. The proceeds of any sale of the Mortgaged Property, or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall be applied in the manner and order provided for in the Loan Agreement.

5.7. Waiver of Appraisal, Marshalling, Etc. The Mortgagor agrees, to the full extent that such Mortgagor may lawfully so agree, that such Mortgagor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction, and the Mortgagor, for such Mortgagor and all who may claim through or under such Mortgagor, so far as such Mortgagor or those claiming through or under such Mortgagor now or hereafter lawfully may, hereby waives the benefit of all such laws. The Mortgagor, for such Mortgagor and all who may claim through or under the Mortgagor, waives, to the extent that such Mortgagor may lawfully do so, any and all right to have the Mortgaged Property marshalled upon the foreclosure of the Lien hereof, or sold in inverse order of alienation, and agrees that the Lender or any court having jurisdiction to foreclose such Lien may sell the Mortgaged Property as an entirety. If any law in this paragraph referred to and now in force, of which any Mortgagor or any Mortgagor's successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions of this paragraph.

5.8. Costs and Expenses. All costs and expenses (including reasonable attorneys' fees) incurred by the Lender in protecting and enforcing its rights hereunder, shall constitute a demand obligation owing by the Mortgagor to the party incurring such costs and expenses and shall bear interest at the Default Rate, all of which shall constitute a portion of the Indebtedness.

5.9. Installment Foreclosures. Without limiting any of the powers of remedies provided elsewhere, the Mortgagor agrees that in the event the Indebtedness is payable in installments or includes, at any time, items of matured as well as unmatured indebtedness, the holder of the matured installments or items of Indebtedness, as the case may be, shall have the right, if an Event of Default has occurred and is continuing, to have the Mortgaged Property sold, subject to the part of the Indebtedness which is unmatured at the time the Lender is requested to make such sale, at a public or private sale to satisfy the Lien and security interest hereof securing the then matured portion of said Indebtedness and the Lender is expressly authorized and empowered to conduct such sale, which is called in this Section 5.9 "Installment Foreclosure." Any Installment Foreclosure made under this Section 5.9 shall not affect the Lien, assignment and security interest of this Mortgage existing to secure that portion of the Indebtedness to which the sale is to be made subject. No Installment Foreclosure shall exhaust the power of the Lender to conduct future Installment Foreclosures nor in any way limit the powers of sale provided elsewhere in this Mortgage. The provisions elsewhere in this Mortgage relating to manner of conducting a public or private sale, including the posting, filing and giving of notices thereof, shall also apply to any Installment Foreclosure and the same presumptions shall be applicable to any deed and recital of the Lender therein contained in connection with an Installment Foreclosure and to any other affidavit as hereinabove provided.

5.10. Operation of the Mortgaged Property by the Lender. If an Event of Default has occurred and is continuing, in addition to all other rights herein conferred on the Lender, the Lender (or any person, firm or corporation designated by the Lender) shall have the right and power, but shall not be obligated, to enter upon and take possession of any of the Mortgaged Property, and to exclude the Mortgagor, and the Mortgagor's agents or servants, wholly therefrom, and to hold, use, administer, manage and operate the same to the extent that the Mortgagor shall be at the time entitled and in their place and stead. The Lender, or any person, firm or corporation designated by the Lender, may operate the same without any liability to the Mortgagor in connection with such operations, except to use ordinary care in the operation of such properties and to account to the Mortgagor for all moneys earned by means of such operation, and the Lender or any person, firm or corporation designated by the Lender, shall have the right to collect, receive and receipt for all Hydrocarbons produced and sold from said properties, to make repairs, purchase machinery and equipment, conduct work-over operations, drill additional wells and to exercise every power, right and privilege of the Mortgagor with respect to the Mortgaged Property. When and if the expenses of such operations and development (including costs of unsuccessful work-over operations or additional wells) have been paid and the Indebtedness paid, said properties shall, if there has been no sale or foreclosure, be returned to the Mortgagor.

ARTICLE 6 MISCELLANEOUS

6.1. Advances by the Lender. Each and every covenant herein contained shall be performed and kept by the Mortgagor solely at the expense of the Mortgagor. If the Mortgagor shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in this Mortgage, the Lender, or any receiver appointed hereunder, may, but shall not be obligated to, make advances to perform the same on behalf of such Mortgagor, and the Mortgagor hereby agrees to repay such sums upon demand plus interest at the Default Rate. No such advance shall be deemed to relieve the Mortgagor from any default hereunder or any Event of Default.

6.2. Defense of Claims. The Mortgagor will notify the Lender, in writing, promptly of the commencement of any legal proceedings affecting the Lien hereof or the Mortgaged Property, or any part thereof, and will take such action, employing attorneys agreeable to the Lender, as may be necessary to preserve the Mortgagor's and the Lender's rights affected thereby; and should the Mortgagor fail or refuse to take any such action, the Lender may, upon giving prior written notice thereof to the Mortgagor, take such action on behalf and in the name of the Mortgagor and at the expense of the Mortgagor. Moreover, the Lender may take such independent action in connection therewith as it may in its discretion deem proper, the Mortgagor hereby agreeing that all sums advanced or all expenses incurred in such actions plus interest at the Default Rate will, on demand, be reimbursed to the Lender, or any receiver appointed hereunder.

6.3. Mortgaged Property to Revert. If the Indebtedness shall be paid in full and the covenants herein contained (other than contingent indemnity obligations) shall be fully performed, then all of the Mortgaged Property shall revert to the Mortgagor and the entire estate, right, title and interest of the Lender shall thereupon cease; and the Lender in such case shall, upon the request of the Mortgagor and at the Mortgagor's cost and expense, deliver to the Mortgagor proper instruments acknowledging satisfaction of this Mortgage.

6.4. Renewals, Amendments and Other Security. Renewals and extensions of the Indebtedness may be given at any time and amendments may be made to agreements relating to any part of the Indebtedness or the Mortgaged Property and the Lender may take or may now hold other security for the Indebtedness without notice to or consent of the Mortgagor. The Lender may resort first to such other security or any part thereof or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action shall not be a waiver of any rights conferred by this Mortgage, which shall continue as a first Lien upon the Mortgaged Property not expressly released until the Indebtedness secured hereby is paid in full.

6.5. Instrument an Assignment, Etc. This Mortgage shall be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof.

6.6. Unenforceable or Inapplicable Provisions. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of the Lender in order to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. Any reference herein contained to a statute or law of a state in which no part of the Mortgaged Property is situated shall be deemed inapplicable to, and not used in, the interpretation hereof.

6.7. Rights Cumulative. Each and every right, power and remedy herein given to the Lender shall be cumulative and not exclusive; and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by the Lender, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Lender in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing. Without in any respect limiting any of the foregoing, the Lender may exercise any or all of the rights and powers and pursue any and all of the remedies available to a secured party under the UCC as now or hereafter in effect.

6.8. Waiver by the Lender. Any and all covenants in this Mortgage may from time to time by instrument in writing signed by the Lender be waived to such extent and in such manner as the Lender may desire, but no such waiver shall ever affect or impair the Lender's rights or Liens hereunder, except to the extent specifically stated in such written instrument.

6.9. Successors and Assigns. This Mortgage is binding upon the Mortgagor and its successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

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

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

6.12. Special Filing as Financing Statement. This Mortgage shall likewise be a security agreement and a financing statement and the Mortgagor hereby grants to the Lender, its successors and assigns, a security interest in all personal property, fixtures, accounts, inventory, equipment, contract rights and general intangibles described or referred to in Granting Clauses (a) through (g) herein and all proceeds from the sale, lease or other disposition of the Mortgaged Property or any part thereof. This Mortgage shall be filed for record, among other places, in the real estate records of each county in which the Oil and Gas Leases and the Lands described in Exhibit A hereto, or any part thereof, are situated, and, when filed in such counties shall be effective as a financing statement covering fixtures located on oil and gas properties (and accounts arising therefrom) which are to be financed at the well head of the wells located on the real estate described in Exhibit A attached hereto.

6.13. Notices. Any notice, request, demand or other communication which may be required or permitted to be given or served upon the Mortgagor or the Lender shall be in writing and shall be given in the manner, and deemed received, as provided in the Loan Agreement. All such notices, requests, demands or other communications shall be addressed to the applicable party at its address specified in the Loan Agreement or to such different address as such party shall have designated by written notice to the other party. The addresses of the parties hereto for notices under the UCC are the addresses set forth for such parties in the introductory paragraph of this Mortgage.

6.14. Governing Law. The Indebtedness and this Mortgage have been created pursuant to the laws of the State of North Dakota; it being the express intent and agreement of the Mortgagor and the Lender that this Mortgage be construed and governed in accordance with the laws of the State of North Dakota.

6.15. Conflict of Terms. In the event there exists any conflict in the terms, conditions, or provisions appearing in this Mortgage and the Loan Agreement, the terms, conditions, and provisions provided for in the Loan Agreement shall prevail over this Mortgage.

IN WITNESS WHEREOF, the Mortgagor has executed or caused to be executed as of the day, month and year first above written.

MORTGAGOR:
American Oil & Gas Inc.

By: _____
Name:
Title:

STATE OF _____)
)§
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, _____ by _____, the _____ of American Oil & Gas Inc., a Nevada corporation, on behalf of the corporation.

Notary Public
County of _____
State of _____

NOTICE ADDRESSES AND LENDING OFFICE

AMERICAN OIL & GAS INC.:

1050 17th Street, Suite 2400
Denver, CO 80265
Attention: Andrew P. Calerich
Facsimile: (303) 595-0709

LENDER

*Lending Office for Loans, payments with
respect thereto and payments of fees:*

HESS CORPORATION

1185 Avenue of the Americas
New York, NY 10036
Attention: Robert Cloud
Telephone: 212-536-8273
Facsimile: 212-536-8617
Electronic Mail: LoanOps@Hess.com
Account Name: Hess Corp Exploration & Prod
Account No. 9102475200
Ref: American Oil & Gas Inc. Credit Facility
ABA# 021000021

Notices (other than Requests for Credit Extensions):

HESS CORPORATION

1185 Avenue of the Americas
New York, NY 10036
Attention: George Barry
Telephone: 212-536-8273
Facsimile: 212-536-8617

FORM OF LOAN NOTICE

Date: _____.

To: Hess Corporation

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of August 27, 2010 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), between American Oil & Gas Inc., a Colorado corporation, and Hess Corporation.

The undersigned hereby requests (select one):

A Loan

- 1. On _____ (a Business Day).
- 2. In the amount of \$_____.
- 3. For a Eurodollar Rate Loan: with an Interest Period of one month.

The borrowing requested herein complies with the proviso to the first sentence of Section 2.01 of the Agreement.

AMERICAN OIL & GAS INC.

By: _____
 Name: _____
 Title: _____

NOTE

\$30,000,000

August 27, 2010

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to the order of HESS CORPORATION (the "Lender"), on the Maturity Date (as defined in the Credit Agreement referred to below) the principal amount of THIRTY MILLION DOLLARS (\$30,000,000), or such lesser principal amount of Loans (as defined in such Credit Agreement) due and payable by the Borrower to the Lender on the Maturity Date under that certain Credit Agreement, dated as of August 27, 2010 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), between the Borrower and the Lender.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates, and at such times as are specified in the Agreement. All payments of principal and interest shall be made to the Lender in Dollars in immediately available funds at the Lender's Lending Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is the Note referred to in the Agreement, is entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. This Note is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

AMERICAN OIL & GAS INC.

By: _____
Name _____
Title _____

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: [•]

To: Hess Corporation

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of August 27, 2010 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), between American Oil & Gas Inc., a Colorado corporation (the "Borrower") and Hess Corporation (the "Lender").

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the [INSERT TITLE] of the Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to the Lender on the behalf of the Borrower, and that:

*[Use following paragraph 1 for fiscal **year-end** financial statements]*

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of the Borrower ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

*[Use following paragraph 1 for fiscal **quarter-end** financial statements]*

1. Attached hereto as Schedule 1 are the unaudited financial statements required by Section 6.01(b) of the Agreement for the fiscal quarter of the Borrower ended as of the above date. Such financial statements fairly present the financial condition, results of operations and cash flows of the Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by the attached financial statements.

3. A review of the activities of the Borrower during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Borrower performed and observed all its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned during such fiscal period, the Borrower performed and observed each covenant and condition of the Loan Documents applicable to it.]

—or—

[the following covenants or conditions have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of the Borrower contained in Article V of the Agreement, or which are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects on and as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The information set forth on Schedule 2 attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of [•].

AMERICAN OIL & GAS INC.

By: _____
Name: _____
Title: _____

SCHEDULE 2
to the Compliance Certificate
(\$ in 000's)

Section 7.11 — Capital Expenditures.

A. Capital expenditures made during fiscal year to date: \$ _____

B. Capital expenditures that could have made during prior fiscal year but which were not made
(≥ \$ _____): \$ _____

C. Maximum permitted capital expenditures (\$ _____ + Line B.): \$ _____

D. Excess (deficient) for covenant compliance (Line C – A):

SOLVENCY CERTIFICATE

This **SOLVENCY CERTIFICATE** (this “**Certificate**”) is delivered in connection with that certain Credit Agreement dated as of August 27, 2010 (the “**Credit Agreement**”) by and among American Oil & Gas, Inc., a Nevada corporation (the “**Company**”) and Hess Corporation (the “**Lender**”). Capitalized terms used herein without definition have the same meanings as in the Credit Agreement.

This Solvency Certificate is being delivered pursuant to subsection 4.01(a)(xi) of the Credit Agreement. The undersigned is the [INSERT TITLE] of Company and hereby further certifies as of the date hereof, in [his] [her] capacity as an officer of Company, and not individually, as follows:

1. I have responsibility for (a) the management of the financial affairs of Company and the preparation of financial statements of the Company, and (b) reviewing the financial and other aspects of the transactions contemplated by the Credit Agreement.

2. I have carefully prepared and/or reviewed the contents of this Solvency Certificate and have conferred with counsel for the Company for the purpose of discussing the meaning of any provisions hereof that I desired to have clarified.

3. In preparation for the consummation of the transactions contemplated by the Credit Agreement, I have prepared and/or reviewed a pro forma balance sheet at [•], 2010 and pro forma income projections and pro forma cash flow projections for each fiscal year during the term of the Credit Agreement for the Company and its Subsidiaries on a consolidated basis, in each case after giving effect to the consummation of the transactions contemplated by the Credit Agreement. The pro forma balance sheet has been prepared utilizing what I believe are reasonable estimates of the “fair value” and “present fair saleable value” of the assets of the Company and its Subsidiaries. Although any projections may by necessity involve uncertainties and approximations, the projections are based on good faith estimates and assumptions believed by me to be reasonable.

4. Based upon the foregoing and upon the best of my knowledge after due diligence, I have concluded as follows:

a. The present saleable value of the property of the Company is not less than the amount that will be required to pay the probable liabilities on the Company’s presently existing debts as they become absolute and due considering all financing alternatives and potential asset sales reasonably available to the Company.

b. The Company does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due.

c. The Company's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction (including, without limitation, the transactions contemplated by the Merger Agreement (as such term is defined in the Credit Agreement)).

d. The Company has not executed the Loan Documents or made any transfer or incurred any obligations thereunder with actual intent to hinder, delay or defraud either present or future creditors.

e. The Company is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances.

In computing the amount of such contingent and unliquidated liabilities as of the date hereof, such liabilities have been computed at the amount that, in the light of all the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability.

For the purpose of the above analysis, the values of the Company's assets have been computed by considering the Company as a going concern entity.

I understand that the Lender is relying on this Solvency Certificate in extending credit to the Company pursuant to the Credit Agreement.

The undersigned has executed this Solvency Certificate, in [his] [her] capacity as an officer of the Company and not individually, as of the 27th day of August, 2010.

AMERICAN OIL & GAS INC.

Name: _____
Title: _____