

SUPPLEMENTAL DEED OF TRUST, SECURITY AGREEMENT  
AND ASSIGNMENT OF PRODUCTION

THE STATE OF OREGON )  
COUNTY OF KLAMATH ) KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, William Herbert Hunt, also known as W. H. Hunt, whose mailing address is 1401 Elm Street, 2500 First National Bank Building, Dallas, Texas 75202 (hereinafter sometimes called "Grantor") did execute and deliver unto Walter Fraker, as Trustee for the use and benefit of Placid Oil Company, a Delaware corporation with offices at 1401 Elm Street, 1600 First National Bank Building, Dallas, Texas 75202 (hereinafter sometimes called "Trustee"), that certain Deed of Trust, Security Agreement and Assignment of Production, dated as of March 11, 1980 (the "March Deed of Trust") covering real property described therein owned by Debtor located in the above captioned State, a counterpart of which is recorded in Book M80, Page 5734 of the public records in the above referenced County; and

WHEREAS, N. B. Hunt, acting by and through W. H. Hunt, his duly authorized attorney-in-fact, and W. H. Hunt did jointly and severally execute and deliver to the order of Placid Oil Company ("Placid") their Promissory Note dated as of March 11, 1980 in the original aggregate principal amount of \$250,000,000 (the "Note"); and

WHEREAS, the March Deed of Trust was executed and delivered to Placid as security for all indebtedness owing and to be owing by Grantor to Placid pursuant to the terms of said Note, and any renewals and extensions thereof; and

WHEREAS, N. B. Hunt, W. H. Hunt and Lamar Hunt and Placid entered into that certain Loan Agreement dated April 5, 1980 (the "Loan Agreement") pursuant to which and upon the terms and conditions therein provided, Placid agreed to renew, extend and increase the amount that it would loan or advance to Grantor under the terms and provisions of said Loan Agreement; and

WHEREAS, the indebtedness owed by Grantor to Placid under the Note was renewed, extended and increased by that certain Master Note dated April 5, 1980 in the original aggregate principal amount of \$800,000,000 from N. B. Hunt, W. H. Hunt and Lamar Hunt, jointly and severally to the order of Placid (the "Master Note");

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and to ratify secure and enforce the further indebtedness of Grantor now or hereafter existing, Grantor does hereby grant, bargain, sell, transfer and convey unto Walter Fraker, as Trustee, for the benefit of Placid, the following described property:

(a) Geothermal Leases. All of Grantor's right, title and interest in and to the leases (the "Leases"), and applications therefor, insofar only as said Leases cover the lands, described upon the schedule annexed hereto and made a part hereof as Exhibit "A" (the schedule hereinafter called "Schedule"), including all of the right, title and interest now or at any time hereafter vested in the Grantor by virtue of any and all pooling and unitization agreements, declarations of pooled units, or other instruments, whether now in

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existence or hereafter made, or any instrument executed in amendment, correction, modification, confirmation, renewal or extension of the aforesaid Leases, insofar as the Leases cover said lands (provided that the foregoing shall not be construed as authorizing any such instrument which shall decrease, diminish or adversely affect the rights of the holder hereunder). The Leases and the record thereof are made a part hereof for all purposes the same as if copied herein in full.

If Grantor's interest in and to the Leases, or any of them is, at the execution hereof, subject to an operating agreement for geothermal purposes in which another party is designated as operator, or by the terms of which operating agreement another party shall become operator thereunder, then the interest of Grantor is subject to the prior operator's lien, if any, as provided in any such operating agreement, or as provided by law; and

(b) Personal Property. All of Grantor's right, title and interest in and to geothermal wells, other wells, tanks, pipelines, separators, buildings, machinery, tools, pipe and all other equipment, appurtenances, apparatus, appliances, and property of every kind and character, movable or immovable, now or at any time hereafter located on said lands described or referred to above, or which may now or hereafter be used or obtained in connection therewith.

The Grantor's interests in the Leases described in (a) above, and the personal property described in (b) above, are all hereinafter sometimes collectively referred to as the "Mortgaged Properties".

TO HAVE AND TO HOLD the Mortgaged Properties, together with all the rights, hereditaments and appurtenances in anywise appertaining or belonging thereto, unto said Trustee and his successors or substitutes in this trust, and his and their assigns, in trust and for the uses and purposes hereinafter set forth, forever.

The expression "Grantor's successors," as used herein, shall mean the Grantor's representatives, successors and assigns. Grantor hereby binds Grantor and Grantor's successors to warrant and forever defend, all and singular, the Mortgaged Properties, unto the Trustee, and his successors or substitutes in this trust, and to his and their assigns, forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

#### ARTICLE I REPRESENTATIONS AND WARRANTIES

Section 1. The Grantor expressly represents and warrants that (1) the Leases are in full force and effect; and its interests in the Leases are valid and subsisting on the lands above-referred to and entitle it to receive that proportion of the total production from the Mortgaged Properties indicated in connection with the descriptions thereof in the Schedule; (2) it has good, valid and indefeasible title to its interest in the aforesaid Leases and to its interest in the personal property and fixtures on the Mortgaged Properties or used or obtained in connection therewith, except as expressly provided in the Schedule and the right, power and authority to execute and deliver this instrument and convey the Mortgaged Properties; (3) the Mortgaged Properties are free and clear of all claims, liens and encumbrances,

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except any and all presently existing encumbrances of record, if any, against the lands described in Exhibit "A" hereto; (4) all rentals, royalties and other amounts due and payable under the aforesaid Leases, insofar as the Leases cover said land, have been duly paid and obligations to be performed under the Leases as to said land have been duly performed; and (5) the holder hereunder shall quietly enjoy and possess the Mortgaged Properties.

ARTICLE II  
SECURED INDEBTEDNESS

Section 2. This Supplemental Deed of Trust, Security Agreement and Assignment of Production (the "Deed of Trust") is given to secure the following indebtedness, obligations and liabilities:

(a) That certain Master Note executed by N. B. Hunt, Lamar Hunt and W. H. Hunt, jointly and severally, payable to the order of Placid at its offices at Dallas, Texas, which note bears interest at a varying rate per annum equal to the lesser of either (i) the highest lawful rate per annum; or (ii) 105% of the sum of the base commercial rate of interest established from time to time by Morgan Guaranty Trust Company of New York for short term unsecured loans to its largest and most credit worthy borrowers, in effect from day to day, plus 1/2%, provides for attorneys' fees and is further identified as follows:

<u>Date of Note</u>	<u>Original Principal Amount</u>	<u>Maturity Date</u>
April 5, 1980	\$800,000,000	Payable on Demand

and any and all renewals or extensions of said Master Note, or any part thereof;

(b) All indebtedness arising pursuant to the provisions of this Deed of Trust, and any and all renewals or extensions of any such item or indebtedness, or any part thereof;

(c) All loans and advances which Placid may hereafter make to Grantor, and any and all renewals or extensions of the same, or any part thereof; and

(d) All other and additional debts, obligations and liabilities of every kind and character of Grantor, now or hereafter existing in favor of Placid, regardless of whether such debts, obligations and liabilities be direct or indirect, primary or secondary, joint, several, or joint and several, fixed or contingent, and regardless of whether such present or future debts, obligations and liabilities may, prior to their acquisition by Placid, be or have been payable to, or be or have been in favor of, some other person or have been acquired by Placid in a transaction with one other than Grantor, together with any and all renewals and extensions of such debts, obligations and liabilities, or any part thereof (it being contemplated that Placid may lend additional sums of money to Grantor from time to time, but shall not be obligated to do so, and that all such additional sums and loans shall be part of the "Secured Indebtedness" as hereinafter defined).

The words "Secured Indebtedness", as used herein, shall mean all the indebtedness, obligations and liabilities described or referred to above in clauses (a) through (d), inclusive, of this Section 2. The word "holder", as used herein, shall mean the holder of the Secured Indebtedness or any part thereof.

### ARTICLE III

#### COVENANTS

Section 3.1. The covenants, agreements and undertakings of Grantor in this instrument contained, whether in this Article III or elsewhere, are made by the Grantor for Grantor and Grantor's successors.

Section 3.2. The Grantor covenants and agrees, and undertakes hereby:

(a) To cause to be operated properly, and to keep, or cause to be kept, in full force and effect, the Leases described upon the Schedule, insofar as they cover the properties mortgaged hereby, and to perform, or cause to be performed, each and all covenants, terms and conditions imposed upon the Grantor or its predecessors in interest and expressly contained in any assignments, under or through which such Leases or undivided interest therein are now held, and to perform or cause to be performed all implied covenants and obligations imposed in connection with such Leases upon Grantor or its predecessors in interest, insofar as such Leases cover the properties mortgaged hereby, and continuously to cause to be operated in a good and workmanlike manner the wells now or hereafter drilled on the Mortgaged Properties;

(b) To comply with, or cause to be complied with, all applicable and valid laws, rules and regulations of the United States, the State in which the lands described on Exhibit "A" are located or any other governmental body exercising jurisdiction, with respect to the operation and development of the Mortgaged Properties and the production and sale of steam, hot water and associated geothermal resources therefrom (the "Production");

(c) That the Grantor shall carry with standard insurance companies satisfactory to the holder, in respect of all activities in which Grantor might incur personal liability for the death or injury of an employee or third person, or damage to or destruction of another's property, workmen's compensation insurance and public liability and property-damage insurance, in such amounts as may, in the holder's opinion, be adequate;

(d) To pay, or cause to be paid, before delinquent, all lawful taxes, assessments and other charges of every kind and character in respect of the Mortgaged Properties, or any portion thereof, or incident to or in connection with the operation or development of the Grantor's interests in the Mortgaged Properties or the Production as well as all federal and state income taxes payable generally by the Grantor regardless of their relation to the Mortgaged Properties; to pay, as and when due, all state and federal social security taxes, payments and contributions for which the Grantor may be liable;

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and to indemnify the holder hereunder from all liability in connection with any of the foregoing;

(e) To maintain, preserve and keep the Grantor's interests in the Mortgaged Properties and all appurtenances thereto, including all buildings, improvements, machinery, equipment, pipelines, fixtures and other personal property of every kind and character, in respect of the Leases, in thorough repair, working order and condition, and from time to time make all necessary and proper repairs, renewals, replacements and substitutions;

(f) To pay promptly all bills for labor and material, in respect of the Mortgaged Properties, and never to permit to be fixed thereon any lien, even though inferior to the lien hereof, for any such bills which may be legally due and payable, and never to permit to be created or to exist, in respect of any of the Mortgaged Properties, any other or additional lien on a parity with or superior to the lien hereof, except the liens, if any, presently existing of record against the lands described in Exhibit "A";

(g) To permit the holder hereunder, its agents and representatives, at their own risk, to go upon, examine, inspect and remain on the Mortgaged Properties, and to go upon the derrick floor of any well or wells at any time drilled or being drilled thereon, and Grantor shall do all things necessary or proper to enable the holder hereunder to exercise said rights whenever it so desires;

(h) To do all things necessary or proper to defend title to the Mortgaged Properties, but the holder hereunder shall have the right, at any time, to intervene in any suit affecting such title and to employ independent counsel in connection with any such suit to which it may be a party by intervention or otherwise; and upon demand Grantor agrees to pay the holder hereunder all reasonable expenses paid or incurred by it in respect of any such suit affecting title to any such property or affecting the holder's lien or rights hereunder, including reasonable fees to the holder's attorneys, and Grantor will indemnify and hold the holder hereunder harmless from and against any and all costs and expenses, including, but not limited to, any and all cost, loss, damage or liability which the holder may suffer or incur by reason of the failure of the title to all or any part of the property hereby mortgaged or assigned, or by reason of the failure or inability of the Grantor, for any reason, to convey the rights, titles and interests which this Deed of Trust and Security Agreement purport to mortgage or assign, and all amounts at any time so payable by the Grantor hereunder shall be secured by the lien hereof and by the said assignment;

(i) At any time and from time to time, upon request by the holder hereunder and at Grantor's expense, forthwith to execute and deliver to the holder hereunder and to record, file or register, any and all additional instruments and further assurances as may be necessary or proper, in the holder's opinion, to effect the intent of these presents;

(j) To protect, warrant and defend title to the Mortgaged Properties unto the holder hereunder, its successors and assigns, at Grantor's expense against all persons whomsoever lawfully having or claiming an interest therein or a lien thereon; and

(k) To pay all Secured Indebtedness in accordance with the terms thereof or hereof, or when the maturity thereof be accelerated in accordance with the terms thereof or hereof.

Section 3.3. Any and all covenants contained in this instrument may from time to time, by instrument in writing signed by the holder hereunder and delivered to Grantor, be waived to such extent and in such manner as the holder may consider appropriate; but no such waiver shall at any time affect or impair the holder's rights or liens hereunder, except to the extent so specifically stated in such written instrument.

#### ARTICLE IV

##### DEFAULTS AND REMEDIES

Section 4.1. The term "Event of Default", as used herein shall mean the occurrence of any one or more of the following events:

(a) The failure of Grantor to pay the Secured Indebtedness, or any part thereof, as the same becomes due; or

(b) The failure or refusal of Grantor punctually and properly to observe, keep and perform any covenant, agreement or undertaking contained in this instrument or contained in any other mortgage, deed of trust, collateral pledge agreement, assignment, or contract of any kind, securing or assuring the payment of the Secured Indebtedness; or

(c) If any representation made by Grantor herein proves untrue in any material respect; or

(d) The execution by Grantor of an assignment for the benefit of creditors; or

(e) The levy against the Mortgaged Properties, or any part thereof, of any execution, attachment, sequestration or other writ; or

(f) The appointment of a receiver of Grantor or of the Mortgaged Properties, or any part thereof; or

(g) The adjudication of Grantor as a bankrupt; or

(h) The filing by Grantor either of a petition or answer for an adjudication as a bankrupt or seeking any other relief under any bankruptcy, reorganization, debtor's relief or insolvency law now or hereafter existing; or

(i) Any Event of Default specified in any loan agreement or other agreement or contract existing at the date hereof or hereinafter entered into between Grantor and the Bank shall have occurred.

Section 4.2. If the Grantor should fail, refuse or be unable to pay any sum of money herein covenanted to



be paid by the Grantor, or fail, refuse or be unable to keep or perform any additional covenant or covenants whatsoever contained in this instrument, the holder hereunder may, but shall not be obligated to, pay said sums of money, or perform or attempt to perform any such covenant, and any such payment so made or expense reasonably incurred in the performance or attempted performance of any such covenant shall be, and is hereby declared by the Grantor to be, a part of the indebtedness secured hereby, and the Grantor promises, upon demand, to pay to the holder hereunder, at the office of Placid in Dallas, Texas, all sums so advanced or paid by the holder, with interest at the highest lawful permitted rate per annum from the date paid or incurred by the holder. No such payment by the holder shall in any way be considered or constitute a waiver of any such default or of the holder's right to declare the indebtedness secured hereby at once due and payable. In addition to the lien hereof, the holder shall be subrogated to all rights and liens securing the payment of any debt, claim, tax or assessment for the payment of which it shall have made such advance.

Section 4.3. Upon the occurrence of an Event of Default, the holder, at its option and without notice, demand or presentment, which are hereby waived by Grantor, may declare the entire balance of principal of the Secured Indebtedness, and all accrued interest thereon, immediately due and payable.

Section 4.4. Upon the occurrence of an Event of Default, the holder may, at its option, in addition to any and every other remedy, request the Trustee to proceed with foreclosure, and in such event, Trustee is hereby authorized and empowered, and it shall be his special duty, upon such request of holder, to sell the Mortgaged Properties, as a whole or in lots or parcels, as Trustee may deem proper, to the highest bidder or bidders, for cash, at the courthouse door of the county in the State of Texas wherein the Mortgaged Properties, then subject to the lien hereof, is situated, provided that if any of the Mortgaged Properties be situated in more than one county, such sale shall be made in any county in the State of Texas wherein any part of such Mortgaged Properties subject to the lien hereof is situated. Any such sale shall be made at public outcry, between the hours of ten o'clock a.m. and four o'clock p.m., on the first Tuesday in any month after advertising the time, place and terms of the sale of the Mortgaged Properties, then subject to the lien hereof, for at least twenty-one (21) days preceding the date of sale by posting written or printed notice thereof at the courthouse door of the county where said Mortgaged Properties are situated provided that where any of the Mortgaged Properties are situated in more than one county the notice to be posted as herein provided shall be posted at the courthouse door of each of such counties where said Mortgaged Properties are situated, and the notices so posted shall designate the county where the Mortgaged Properties will be sold), which notice may be posted by the Trustee acting, or by any person acting for him, and the holder has, at least twenty-one (21) days preceding the date of sale, served written or printed notice of the proposed sale by certified mail on each debtor obligated to pay the indebtedness secured by this Deed of Trust according to the records of holder, by the deposit of such notice, enclosed in a post-paid wrapper, properly addressed to such debtor at debtor's most recent address as shown by the records of holder, in a post office or official depository under the care and custody of the United States Postal Service, and after such sale to make to the purchaser or purchasers thereunder good and sufficient deeds and assignments, in the name of Grantor, conveying said

property so sold to the purchaser or purchasers with general warranty of title by Grantor. The sale of any part of the Mortgaged Properties shall not exhaust the power of sale, but sales may be made from time to time until all of the Mortgaged Properties are sold or the Secured Indebtedness is paid in full. It shall not be necessary to have present or to exhibit at any such sale any of the personal property subject to the lien hereof.

Section 4.5. Trustee is authorized to receive the proceeds of said sale or sales made pursuant to Section 4.4 and apply the same as follows: First, to the payment of all necessary costs and expenses incident to the execution of said trust, including but not limited to a reasonable fee to Trustee, not to exceed five percent (5%) to be calculated upon the amount realized at said sale; second, to the payment of the Secured Indebtedness in such order as the holder shall elect; third, the balance, if any, remaining after the full and final payment of the Secured Indebtedness, to Grantor or Grantor's assigns, or to whomsoever may be authorized by law or as a court of competent jurisdiction may direct.

Section 4.6. It is agreed that in any deed or deeds given by the Trustee or any substitute Trustee duly appointed hereunder, any and all statements of fact or other recitals therein made as to the identity of the holder or holders of the Secured Indebtedness or as to the occurrence or existence of any default, or as to the acceleration of the maturity of the Secured Indebtedness, or as to the request to sell, notice of sale, time, place, terms, and manner of sale, and receipt, distribution and application of the money realized therefrom, or as to the due and proper appointment of a substitute Trustee, and, without being limited by the foregoing, as to any act or thing having been duly done by the holder, or any of them if there be more than one, or by the Trustee or any substitute Trustee, shall be taken by all courts of law and equity as prima facie evidence that the said statements of recitals state facts and are without further question to be so accepted, and Grantor does hereby ratify and confirm any and all acts that the Trustee, or any substitute Trustee, may lawfully do in the premises by virtue hereof.

Section 4.7. In case the lien hereof shall be foreclosed by Trustee's sale or by judicial action, the purchaser at any such sale shall receive, as an incident to his ownership, immediate possession of the property purchased, and Grantor agrees for Grantor and for all persons claiming under Grantor, that if Grantor or any such person shall hold possession of said property, or any part thereof, subsequent to foreclosure, Grantor or the parties so holding possession shall be considered as tenants at sufferance of the purchaser at foreclosure sale, and anyone occupying the property after demand for possession thereof shall be guilty of forcible detainer and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived.

Section 4.8. Upon the occurrence of a default, the holder may, at its election, or the Trustee may upon written request of the holder, proceed by suit or suits, at law or in equity, to enforce the payment of the Secured Indebtedness in accordance with the terms hereof and of the Master Note evidencing it, to foreclose the lien and this deed of trust as against all or any portion of the Mortgaged Properties, and to have said properties sold under the judgment or decree of a court of competent jurisdiction. On or at any time after the filing of judicial proceedings to protect or enforce the rights of the holder; the holder, as a matter of



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right and without regard to the sufficiency of the security, and without any showing of insolvency, fraud or mismanagement on the part of Grantor, shall be entitled to the appointment of a receiver or receivers of the Mortgaged Properties, and of the income, rents, issues and profits thereof.

Section 4.9. It is agreed that Placid or any other holder may be the purchaser of the Mortgaged Properties, or of any part thereof, at any sale thereof, whether such sale be under the power of sale hereinabove vested in the Trustee, or upon any other foreclosure of the lien hereof or otherwise, and Placid or any other holder so purchasing shall, upon any such purchase, acquire good title to the Mortgaged Properties so purchased, free of the lien of these presents.

Section 4.10. The rights and remedies hereinabove expressly conferred are cumulative of all other rights and remedies herein, or by law or in equity provided, and shall not be deemed to deprive holder or Trustee of any such other legal or equitable rights or remedies, by judicial proceedings or otherwise, appropriate to enforce the conditions, covenants and terms of this Deed of Trust and of said notes, and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

Section 4.11. In the event of the death of said Trustee, or his removal from the County of Dallas, State of Texas, or his failure, refusal or inability, for any reason, to make any such sale or to perform any of the trusts herein declared, then the holder may appoint, in writing, a substitute Trustee, who shall thereupon succeed to all the estate, rights, powers and trusts herein granted to and vested in said Trustee. If the holder be Placid or another corporation, such appointment may be made on behalf of such holder by any person who is then the president, or a senior vice president, or a vice president of the holder. In the event of the death of any such substitute Trustee, or his failure, refusal or inability to make any such sale or perform such trusts, successive substitute Trustees may thereafter, from time to time, be appointed in the same manner.

Section 4.12. In the event the Mortgaged Properties shall be located in any state other than the State of Texas, the procedures set forth above in Section 4.4 relating to the procedure for foreclosure and all other provisions of this Article IV relating to remedies upon default and related matters shall be modified to the extent necessary to comply with the laws of the state where such properties are located. It is the intent of the Grantor that this instrument shall be legal and enforceable in any state where the said Mortgaged Properties are located and that the provisions hereof shall be modified only to the extent necessary to comply with the laws of such state; and that all other provisions contained herein shall be in no way affected or impaired by the necessity to so modify some or all of the provisions of this Article IV.

#### ARTICLE V

##### ASSIGNMENT OF PRODUCTION

Section 5.1. In order further to secure the payment of the Secured Indebtedness, Grantor does hereby TRANSFER, ASSIGN, and CONVEY unto and in favor of the holder all of the interest of the Grantor in the Production, in and under, or which may be produced from, the Mortgaged Properties, or allocated thereto pursuant to pooling or unitization of

the Leases or otherwise, together with all proceeds derived from the sale of such Production on and after the date of the execution of this Deed of Trust and Security Agreement.

Section 5.2. The foregoing assignment is made upon, and subject to, the following terms and conditions:

(a) Unless and until an Event of Default (as defined hereinbefore) shall have occurred, the Grantor shall be entitled, to the extent permitted by law, to use, consume, sell or otherwise dispose of the Production produced and to be produced from or allocated to the Mortgaged Properties, and to collect and obtain all such proceeds and to require and enforce the performance of any and all contracts relating to such Production or proceeds, without further consent of or action by the holder; but the holder shall, if the Grantor shall so request in writing, deliver to Grantor suitable orders in favor of Grantor or its nominee or nominees for the receipt of such Production and such proceeds and the performance of all acts and things under such contracts. If an Event of Default occurs, such orders shall be recoverable by the holder by written notice to the parties affected thereby.

(b) Promptly after an occurrence of an Event of Default, the holder may give written or telegraphic notice to all of the parties producing, purchasing, taking, possessing or receiving any such Production, or having in their possession any such Production belonging to Grantor or such proceeds for which they or others are accountable to the holder by virtue of the provisions of this Section 5.2, to hold and dispose of such Production for the account of the holder and to make payment of such proceeds direct to the holder at its principal office, and the holder shall thereafter receive, collect and retain, as part of the Mortgaged Properties, all such Production, all for the benefit and further security of the Secured Indebtedness.

(c) All parties producing, purchasing, taking, possessing, processing or receiving any such Production, or having in their possession any such Production, or such proceeds for which they or others are accountable to the holder by virtue of the provisions of this Section 5.2, are authorized and directed by the Grantor, upon receipt of notice by the holder given pursuant to the above subparagraph 5.2(b), to treat and regard the holder as the assignee and transferee of the Grantor and entitled in its place and stead to receive such Production and proceeds; and such parties and each of them shall be fully protected in so treating and regarding the holder and shall be under no obligation to see to the application by the holder of any such proceeds received by it or to ascertain or verify that an Event of Default has occurred so as to authorize the giving of a notice by the holder pursuant to the above subparagraph 5.2(b). Without in any way limiting the effectiveness of the authorization and direction in the next preceding sentence, if the Grantor shall receive any such proceeds which under this Section 5.2 are receivable by the holder, Grantor will hold the same in trust and will remit such proceeds, or cause such proceeds to be remitted, immediately, to the holder.

(d) Without limiting the foregoing provisions of this Article V, the Grantor stipulates that this Article V is intended to grant to the holder a security

interest in Grantor's interest in the Production to be extracted from or attributable to the Mortgaged Properties, and in and to the proceeds resulting from the sale thereof at the wellhead.

Section 5.3. The Grantor covenants and agrees, and undertakes hereby, to cause after an Event of Default shall have occurred and the holder shall have so requested, all purchasers of the Production produced from the Mortgaged Properties to pay promptly to the holder at its principal office, the Grantor's interest in the proceeds derived from the sale thereof, in accordance with the terms of this assignment, and forthwith to execute, acknowledge and deliver to said purchasers such further and proper division orders, transfer orders, certificates and other documents as may be necessary or proper to effect the intent of these presents; and the holder shall not be required at any time, as a condition to its right to obtain the proceeds of such Production to warrant its title thereto or to make any guaranty whatsoever. In addition, and without limitation, the Grantor covenants and agrees, and undertakes hereby, upon request by the holder at any time and from time to time, to provide to the holder the name and address of every purchaser of the Production produced from the Mortgaged Properties when determined, together with a copy of the applicable sales contracts. All expenses incurred by the holder in the collection of said proceeds shall be repaid promptly by the Grantor; and prior to such repayment, such expenses shall be a part of the indebtedness secured hereby.

Section 5.4. Without limitation upon any of the foregoing, and effective only if an Event of Default occurs and then during the period such default continues, and if the holder has given Grantor notice of such Event of Default, the Grantor hereby designates and appoints the holder as the Grantor's true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as the holder may from time to time prescribe), with full power and authority, for and on behalf of and in the name of the Grantor, to execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of the holder, be necessary or proper to effect the intent and purpose of the assignment contained in this Article V; and the Grantor shall be bound thereby as fully and effectively as if the Grantor had personally executed, acknowledged and delivered any of the foregoing certificates or documents. The powers and authorities herein conferred on the holder may be exercised by the holder through any person who, at the time of exercise, is the president, a senior vice president or a vice president of the holder. The power of attorney conferred by this Section 5.4 is granted for valuable consideration and coupled with an interest and is irrevocable so long as the indebtedness secured hereby, or any portion thereof, shall remain unpaid. All persons dealing with the holder, or any substitute, shall be fully protected in treating the powers and authorities conferred by this Section 5.4 as continuing in full force and effect until advised by the holder that the indebtedness secured hereby is fully and finally paid.

Section 5.5. The holder shall never be under any obligation to enforce the collection of the funds assigned to it hereunder, nor shall it ever be liable for failure to exercise diligence in the collection of such funds, but it shall only be accountable for the sums that it shall actually receive.

ARTICLE VI

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MISCELLANEOUS

Section 6.1. Upon the full and final payment of the Secured Indebtedness, this Deed of Trust and Security Agreement shall be extinguished and be of no further force and effect; and the Mortgaged Properties shall become wholly free and clear hereof and all of the property as assigned hereby shall be automatically reassigned to the Grantor without any further act being required; and the holder, upon the request and at the expense of the Grantor, shall promptly deliver to Grantor such instruments evidencing the Secured Indebtedness, marked "PAID", and execute and deliver to the Grantor and others a release of this instrument and such other instruments of satisfaction as may be appropriate.

Section 6.2. The rights, titles, interests, liens and powers hereunder are cumulative of each other and of all other rights, titles, interests, liens and powers which may now or hereafter exist to secure the payment of the Secured Indebtedness to the holder, or any part thereof. The security herein and hereby provided shall not affect or be affected by any other or further security heretofore or hereafter taken for the indebtedness of the Grantor to the holder, or any part thereof. The Grantor, for Grantor and Grantor's successors, and for any and all persons ever claiming any interest in the Mortgaged Properties, hereby waives all rights of marshaling in event of foreclosure of the lien hereby created. No failure to exercise and no delay in exercising on the part of the holder any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

Section 6.3. For all purposes of this instrument, the post office address of Placid shall be: Placid Oil Company, 1600 First National Bank Building, Dallas, Texas 75202, and the post office address of the Grantor shall be 2500 First National Bank Building, Dallas, Texas 75202.

Section 6.4. No provision herein or in any promissory note, instrument, or any other loan document executed by Grantor evidencing the Secured Indebtedness shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law. If any excess of interest in such respect is provided for herein or in any such Promissory Note, instrument, or any other loan document, the provisions of this paragraph shall govern, and Grantor shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by applicable law. The intention of the parties being to conform strictly to the applicable usury laws, all Promissory Notes, instruments and other loan documents executed by Grantor evidencing the Secured Indebtedness shall be held subject to reduction to the amount allowed under said applicable usury laws as now or hereafter construed by the courts having jurisdiction.

Section 6.5. With respect to all personal property and fixtures constituting a part of the Mortgaged Properties, this Deed of Trust shall likewise be a security agreement, and for a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and for the purpose of further securing payment and performance of the Secured Indebtedness, Grantor hereby grants to Placid a security interest in all such personal property and fixtures, including but not limited to the

following collateral: All rights now owned and at any time hereafter acquired by the Grantor in all (i) Production produced from or allocated to the Mortgaged Properties, (ii) accounts and general intangibles arising in connection with the sale or other disposition of such Production, and (iii) equipment, other personal property, and fixtures at any time used on the Mortgaged Properties or in connection with such Production. The above goods which are to become fixtures will be on the hereinabove described real estate. The above minerals or the like (including oil and gas) or accounts will be financed at the wellhead(s) or minehead(s) of the well(s) or mine(s) located on the hereinabove described real estate. This instrument may be filed for record as a financing statement in the real estate records.

Section 6.6. These presents shall be binding upon the Grantor and Grantor's successors, and shall inure to the benefit of the holder, and the holder's successors and assigns, and shall be covenants running with the land.

Section 6.7. In the event that any one or more of the provisions contained in this instrument shall be invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

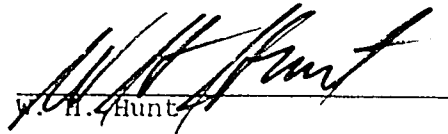
Section 6.8. This instrument shall be governed by and construed in accordance with the laws of the State of Texas, except in those instances where the Mortgaged Properties covered hereby are located in states other than the State of Texas. In such event, the law in force in the state where the said Mortgaged Properties are located shall govern the construction of this instrument.

Section 6.9. This Deed of Trust and Security Agreement has simultaneously been executed in a number of identical counterparts, each of which, for all purposes, shall be deemed an original.

Section 6.10. The effective date of the assignment contained in Article V is the date of execution of this Deed of Trust and Security Agreement, at 7:00 o'clock a.m.

Section 6.11. It is understood and agreed that the proceeds of the Master Note, to the extent the same are utilized to renew or extend any indebtedness secured by any outstanding liens against the property described herein, or any portion thereof, have been advanced by holder at Grantor's request and upon Grantor's representation that such amounts are due and payable, and holders shall be subrogated to any and all rights, titles, interests, liens and remedies owned or claimed by any owner or holder of the indebtedness so renewed or extended.

EXECUTED as of the 5th day of April, 1980, in multiple counterparts.

  
W. H. Hunt

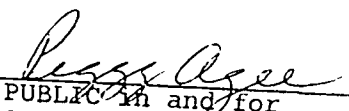
Signature Page to the Supplemental Deed of Trust, Security Agreement and Assignment of Production dated as of April 5, 1980 from W. H. Hunt and Walter Fraker, Trustee.

THE STATE OF TEXAS )  
COUNTY OF DALLAS )

8586

BEFORE ME, the undersigned authority, on this day personally appeared W. H. HUNT to me known and known to me to be the person named in the within and foregoing instrument, and he acknowledged to me that he had executed the foregoing instrument as his free act and deed for the uses and purposes therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 30 day of April, 1980.

  
NOTARY PUBLIC in and for  
Dallas County, Texas

My Commission Expires:

9-8-80

Acknowledgment Page to the Supplemental Deed of Trust, Security Agreement and Assignment of Production dated as of April 5, 1980 from W. H. Hunt and Walter Fraker, Trustee.

WHH3/D



INTENT GEOTHERMAL  
COUNTY KLAMATH

EXHIBIT A  
STATE OREGON

858.1

LEASE NUMBER	LESSOR	LESSEE	DATE	DATE	BOOK	PAGE
654740001	USA OR-11572	W H HUNT	08/01/76	08/01/86		
TRACT 01	DESCRIPTION:	T 38 S R 10 E, WILLAMETTE MERIDIAN SEC. 32--N/2 NE/4, SW/4 NE/4, SW/4 NW/4, W/2 SW/4, SE/4 SW/4, SE/4 SEC. 33--W/2 E/2, N/2 SW/4, SE/4 SW/4 SEC. 34--N/2 NW/4 T 39 S R 10 E, WILLAMETTE MERIDIAN SEC. 10--S/2 SE/4 T 39 S R 10 E SEC 1--LOTS 1, 2, 3, 4 S/2 N/2, SW/4 NE/4 SE/4, S/2 SE/4 SEC 12--NW/4 NW/4				
656760001	USA-#11574	W.H.HUNT	10/01/76	10/01/86		
TRACT 01	DESCRIPTION:	T 40 S R 10 E WILLAMETTE, MERIDIAN SEC 1--LOTS 1-4 S/2 N/2, NE/4 SW/4 NW/4 SE/4 SEC 2--LOTS 2, 3 S/2 NE/4 SE/4 NW/4 S/2 SW/4 SEC 3--LOTS 1-4 SW/4 NE/4, S/2 SW/4, N/2 S/2, SE/4 SE/4 SEC 9--W/2 E/2 E/2 W/2 E/2 SE/4 SEC 10--E/2 E/2 SEC 12--W/2 SW/4, SE/4				
656770001	USA-#11570	W.H.HUNT	10/01/76	10/01/86		
TRACT 01	DESCRIPTION:	T 40 S R 10 E WILLAMETTE, MERIDIAN SEC 11--W/2 E/2, NW/4, N/2 SW/4 SW/4 SW/4 SEC 13--NE/4, NW/4 NW/4, N/2 SW/4, SE/4 SW/4 SE/4 SEC 14--NW/4 NW/4, S/2 NW/4, S/2 SEC 15--ALL SEC 23--SE/4 NE/4, W/2 W/2 NE/4 SE/4 SEC 24--E/2 NW/4 N/2 SW/4, NW/4 SE/4 N/2 NE/4				
658570001	USA-#11569	W.H.HUNT	10/01/77	10/01/87		
TRACT 01	DESCRIPTION:	T 40 S R 10 E SEC 22--NE/4, /2, NE/4 NW/4 & E/2 SE/4 SEC 26--NW/4 NW/4 SEC 27--NE/4 NE/4 T 41 S R 10 E SEC 9--NE/4 NE/4				

ADDENDUM

Attached to and made a part  
of that certain  
Supplemental  
Deed of Trust with Security Agreement and  
Assignment of Production

with effective date of  
April 5, 1980 from  
W. H. Hunt to Walter Fraker, Trustee

I, Nancy B. Hunt, wife of W. H. Hunt named in the above-captioned instrument, by my execution hereof, for the consideration recited in said instrument and contemporaneously with the execution of said instrument do hereby transfer, convey, assign, bargain, sell, warrant, grant, pledge, grant a security interest, remise, release and quit claim unto the Trustee named in said instrument all my right, title and interest, whether choate or inchoate, arising in me by virtue of my marriage to the said W. H. Hunt, including but not limited to dower, elective share, community interest, or the operation of any statute or law of any jurisdiction which may affect the properties covered by said instrument, as to any and all of the properties and interests set forth in Exhibit "A", attached to and made a part of said instrument..

It is my desire and intention that my interest in said properties, whether vested or contingent, choate or inchoate, be incumbered, granted, conveyed, mortgaged, or otherwise bound, according to the terms of the above-captioned instrument, by the execution thereof by my husband, W. H. Hunt.

It is my desire and intention that this Addendum be filed of record with the proper official of the jurisdiction in which the properties covered by the above captioned instrument are situated, for the purpose of giving notice to the world of my act and intention as set forth herein.

8586

Upon the full and final payment of the indebtedness secured by the above-captioned instrument, the release and conveyance of my interest as set forth herein shall ipso facto terminate and be of no further force and effect.

IN WITNESS WHEREOF, I have executed this Addendum on this the 30 day of April, 1980.

Nancy B. Hunt  
Nancy B. Hunt

STATE OF TEXAS  
COUNTY OF DALLAS

Before me, the undersigned authority, on this the 30 day of April, 1980, personally appeared NANCY B. HUNT, to me known, who acknowledged to me that she executed the foregoing Addendum as her free act and deed, for the purposes and consideration therein expressed.

Peggy Agui  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

9-8-80

STATE OF OREGON; COUNTY OF KLAMATH; is

Filed for record at request of Gardere Wynne & Jaffe

this 9th day of May A. D. 1980 at 3:02 o'clock P.M., and

fully recorded in Vol. 1180, of Mortgages on Page 8570

Wm D. MILNE, County Clerk.

By Bernetha H. H. H. H.

Fee \$59.50

Placid Oil Co.  
1600 1st Nat'l Bank Bldg.  
Dallas, TX

Hunt 11-G