Exhibit 10.2

FIRST AMENDED AND

RESTATED LOAN AGREEMENT

This First Amended and Restated Loan Agreement (this "AGREEMENT") is made

and entered into as of the 27th day of April, 2011 by and between BaseLine

Capital, Inc. ("LENDER") and Baron Energy, Inc. ("BORROWER") as successor in

interest to Permian Legend Petroleum LP, with reference to the following facts:

A. Borrower's predecessor, Permian Legend Petroleum LP ("PERMIAN"), and

Lender entered into that certain Loan Agreement dated as of August 1, 2007, as

amended by that certain Consent and First Amendment to Loan Agreement dated as

of October 31, 2008, and as further amended by that certain Second Amendment to

Loan Agreement dated as of September 30, 2009 (collectively, the "ORIGINAL LOAN

AGREEMENT").

B. In connection with the Original Loan Agreement, Permian, Lender and

American State Bank ("ASB") entered into a Subordination Agreement, whereby

Permian's obligations to Lender are subordinated in certain respects to

Permian's obligations to ASB (the "SENIOR DEBT").

C. ASB has transferred the Senior Debt to Newton Energy, Inc. ("NEWTON").

D. Through a series of corporate transactions, Borrower is the successor in

interest to Permian and is obligated to Lender under the Original Loan Agreement

and the related loan documents.

E. Lender and Borrower have agreed to amend and restate the Original Loan

Agreement as set forth herein.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual promises, covenants

and agreements set forth herein and in the other Loan Documents (as defined

herein), the parties hereto agree as follows:

1. Closing.

(a) Closing of the loan contemplated hereby ("CLOSING") shall occur

contemporaneously with the execution of this Agreement. Closing shall occur at

the offices of Lender, or at such other time or place as agreed upon by the

parties. At Closing, Borrower shall deliver to Lender the following fully

executed documents (as such capitalized terms are defined herein):

(i) This Agreement.

(ii) The Note.

(iii) The Security Documents.

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(iv) The Assignments and related Memorandum of Assignment and Limited

Power of Attorney.

(v) A copy of the resolutions of Borrower authorizing this transaction

certified by an authorized officer of Borrower.

(b) Closing shall be conditioned upon Lender's receipt of the foregoing

documents and upon the following:

(i) Lender shall have received from Borrower certificates of existence

and good standing of Borrower from its state of organization and each state

in which it is qualified to do business.

(ii) Lender, Newton and Borrower shall have executed an amended and

restated subordination agreement.

(iii) Lender shall have received a payment from Borrower on the Note

of $150,000.00 in immediately available funds.

(iv) Lender shall have received $25,000.00 in immediately available

funds from Borrower as payment in full of all legal fees and all service

fees that have accrued prior to and through the date of Closing.

2. Loan and Collateral.

(a) In conjunction with the execution of this Agreement, Borrower will

execute and deliver to Lender a Promissory Note dated as of the date of this

Agreement in the principal amount of $100,000.00 payable to Lender in partial

renewal and extension, but not extinguishment, of the indebtedness owed by

Borrower to Lender under the Original Loan Agreement (which Promissory Note

along with any renewals, extensions and amendments thereto is hereinafter

referred to as the "NOTE"). Borrower shall not be entitled to advances after

Closing.

(b) In consideration of the extension of credit under the Note and to

secure all amounts owing under the Note and any other indebtedness now or

hereafter owed by Borrower to Lender (collectively, the "INDEBTEDNESS"),

Borrower will execute and deliver to Lender (i) an amendment to that certain

Subordinated Deed of Trust dated August 1, 2007 (as so amended, the "DEED OF

TRUST"), which covers all of the oil and gas properties previously owned by

Permian which are now owned by Borrower (the "MORTGAGED PROPERTIES"), and (ii) a

Security Agreement of even date herewith (the "SECURITY AGREEMENT") covering all

of the non-real property assets previously owned by Permian which are now owned

by Borrower (the "PLEDGED ASSETS") (said Deed of Trust and Security Agreement

are referred to collectively herein as the "SECURITY DOCUMENTS"). The Note, this

Agreement, the Security Documents and all other documents or instruments related

hereto and thereto, are referred to herein as the "LOAN DOCUMENTS".

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3. Senior Debt. So long as any Indebtedness is owed to Lender by Borrower,

Borrower agrees not to seek or agree to an increase of the total amount owed or

available to be borrowed under a borrowing base or otherwise by Borrower from

Newton which is secured by the Mortgaged Properties to a total amount in excess

of $1,000,000.00 without the prior written consent of Lender.

4. Payout Interests. In conjunction with the execution of the Loan

Documents and various services provided by BaseLine in connection with the

transactions contemplated by the Original Loan Agreement, Borrower shall execute

an Assignment from Borrower to Lender assigning to Lender 25% of Borrower's

right, title and interest in and to each of the Mortgaged Properties

(collectively, the "ASSIGNMENTS") and provide said Assignments to Lender to be

held by Lender subject to Payout and delivery to and acceptance by Lender.

Borrower shall also execute and deliver to Lender a Memorandum of Assignment

with respect to each Assignment which Lender may file of record to evidence

Lender's interest in any of the Mortgaged Properties as provided herein and in

the Assignments. Upon the earlier to occur of the following ("PAYOUT") (a)

Borrower's full payment to Lender of all principal, interest and other costs,

expenses and fees under the Loan Documents or (b) October 27, 2011 (even though

Indebtedness remains due and owing by Borrower to Lender), Lender may deem

delivery of, accept and file of record any one or more of the Assignments, and

Borrower shall cause Newton to release any lien or interest it may have on or in

such assigned interest. Said Assignments will be free and clear of any and all

liens and other encumbrances. In the event Borrower is unable to obtain a

release from Newton of its lien as to the interest assigned within 30 days from

the date of Payout, Borrower agrees to pay Lender liquidated damages of

$75,000.00 within said 30-day period and $5,000.00 per month as additional

liquidated damages for every month thereafter that a release of Newton's lien is

not delivered. The liquidated damages are in addition to any and all revenue

which Lender and/or its assigns is entitled to under the terms and conditions of

the Assignments and payment of any of the Indebtedness remaining outstanding.

Borrower further agrees to execute and deliver such other documents and

instruments, including without limitation assignments of federal and state

leases, which Lender requests with respect to the matters discussed in this

Section 4, and shall execute and deliver to Lender together with this Agreement

a Limited Power of Attorney authorizing Lender to execute and deliver such

documents and instruments on behalf of and in the name of Borrower. Borrower and

Lender agree that any and all assignments of Mortgaged Properties executed and

provided by Borrower/Permian to Lender under or pursuant to the Original Loan

Agreement which have not been filed of record by Lender prior to the date hereof

and any of the Assignments not filed of record by Lender within 60 days after

Payout shall be null and void and of no further force or effect.

4A. Partial Payout. In the event any of the Mortgaged Properties are sold

(a "TRANSFERRED PROPERTY"), Lender may, in its sole discretion, declare that

Payout has occurred with respect to the Transferred Property (a "PARTIAL

PAYOUT"), and Borrower shall retain at least twenty-five percent (25%) of its

interest in the Transferred Property and shall execute and deliver to Lender an

Assignment of twenty-five percent (25%) of Borrower's right, title and interest

in and to the Transferred Property (a "PARTIAL PAYOUT ASSIGNMENT"). Borrower

shall also execute and deliver to Lender such replacement Assignments as Lender

requests to take into account the Transferred Property. All of the terms and

provisions set forth in this Agreement relating to Payout and Assignments shall

be applicable to any Partial Payout and any Partial Payout Assignment to the

extent not in conflict with this Section 4A.

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5. Adverse Condition or Event. Borrower agrees to promptly advise Lender in

writing of (i) any condition, event or act which comes to its attention that

would or might materially adversely affect the financial condition or operations

of Borrower, or Lender's rights under the Loan Documents, (ii) any litigation

filed by or against Borrower, (iii) any event that has occurred that would

constitute a default or event of default under any Loan Document, and (iv) any

event that has occurred that would constitute a default or an event of default

under any other indebtedness or material agreement of Borrower.

6. Service Fee. Borrower agrees to pay Lender a continuing service fee of

$650.00 per month during the term of the Note for consulting and other services.

7. Representations and Warranties. Borrower represents and warrants to

Lender as follows:

(a) Good Standing. Borrower is a corporation, duly organized, validly

existing and in good standing under the laws of the state of Nevada.

Borrower has qualified as a foreign entity and is in good standing in the

state of Texas and in each other state or jurisdiction wherein its

operations, transaction of business or ownership of property make such

qualification necessary.

(b) Authority and Consents. Borrower has full power and authority to

execute and deliver the Loan Documents to which it is a party and to

perform the obligations provided for therein, all of which have been duly

authorized by all proper and necessary action of the appropriate governing

body of Borrower. No consent or approval of any public authority or other

third party is required in connection with any Loan Document, the

transaction contemplated by the Loan Documents or the Acquisition.

(c) Binding Agreement. This Agreement and the other Loan Documents

executed by Borrower constitutes valid and legally binding obligations of

Borrower, as applicable, enforceable in accordance with their terms.

(d) Litigation. There is no litigation or similar proceeding involving

Borrower pending or, to the knowledge of Borrower, threatened before any

court or governmental authority, agency or arbitration authority.

(e) No Conflicting Agreements. There is no provision in any agreement

or other document pertaining to the organization, power or authority of

Borrower and no provision of any existing agreement, mortgage, indenture or

contract binding on Borrower, which would conflict with or in any way

prevent the execution, delivery or carrying out of the terms of this

Agreement and the other Loan Documents.

(f) Ownership of Assets. Borrower has good and defensible title to all

of its assets free and clear of liens, claims and other encumbrances,

except liens on the Mortgaged Properties securing the Senior Debt.

(g) Financial Statements. The financial statements of Borrower

heretofore delivered to Lender have been prepared on a consistent basis

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throughout the period involved and fairly present Borrower's financial

condition as of the date or dates thereof, and there has been no material

adverse change in its financial condition or operations since the dates of

such financial statements. There are no liabilities of Borrower which are

not reflected in such financial statements.

(h) Information. The recitals set forth at the beginning of this

Agreement and all factual information furnished by Borrower to Lender in

connection with this Agreement and the other Loan Documents is and will be

accurate and complete on the date as of which such information is delivered

to Lender and is not and will not be incomplete by the omission of any

material fact necessary to make such information not misleading.

(i) Environmental. The conduct of Borrower's business operations and

the condition of their assets does not and will not violate any federal

laws, rules or ordinances for environmental protection, any applicable

local or state law, rule, regulation or rule of common law or any judicial

interpretation thereof relating primarily to the environment, except where

such matter would not have a material adverse effect on Borrower.

(j) Permits. Borrower has all permits, licenses, certifications and

similar authorizations, has made all filings and obtained all consents

(collectively, the "PERMITS") necessary and appropriate for the conduct of

its business and ownership of its assets.

(k) Compliance. Borrower is in compliance with all laws, rules and

regulations applicable to its business, properties or transactions.

(l) Payout Interests. The value of the interests covered by the

Assignments is currently uncertain and speculative due to the risks

associated with the Mortgaged Properties and the oil and gas business, and

the period of time prior to Payout. Borrower acknowledges receipt of

various services rendered by Lender in connection with the acquisition of

the Mortgaged Properties in partial consideration of the Assignments.

8. Affirmative Covenants. Until full payment and performance of all

obligations of Borrower under the Loan Documents, Borrower will, unless Lender

consents otherwise in writing (and without limiting any obligation of Borrower

under any other Loan Document):

(a) Financial Statements and Other Information.

(i) Furnish to Lender audited financial statements (including a

balance sheet and profit and loss statement) of Borrower, prepared in

accordance with generally accepted accounting practices for each fiscal

year within 90 days after the close of each such fiscal year, which shall

include a statement of cash flow and contingent obligations.

(ii) Borrower shall furnish to Lender unaudited financial statements

(including a balance sheet and profit and loss statement) of Borrower for

each quarter within forty-five (45) days after the close of each fiscal

quarter, which shall include a statement of cash flow and contingent

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obligations and a certification by an authorized officer of Borrower as to

accuracy, completeness and consistent application of generally accepted

accounting practices.

(iii) Furnish to Lender copies of Borrower's tax returns.

(iv) Furnish to Lender upon (A) any default hereunder, and (B) at

least once every twelve (12) months, an oil and gas reserve evaluation as

of said dates covering Borrower's oil and gas properties, prepared by

independent petroleum engineers acceptable to Lender at Borrower's expense.

(v) Furnish to Lender copies of all agreements, documents and

correspondence between Borrower and Newton related to the Senior Debt.

(vi) Furnish to Lender promptly such additional information, reports

and statements respecting the business operations and financial condition

of Borrower, from time to time, as Lender may reasonably request.

(b) Insurance. Maintain insurance with responsible insurance companies and

in such amounts as are satisfactory to Lender and providing for at least 30 days

prior notice to Lender before any cancellation thereof. Satisfactory evidence of

such insurance will be supplied to Lender upon request.

(c) Existence and Compliance. Maintain its existence, good standing and

qualification to do business where required and comply with all laws,

regulations and governmental requirements including, without limitation,

environmental laws applicable to it or to any of its property, business

operations and transactions.

(d) Taxes and Other Obligations. Pay all of its taxes, assessments and

other obligations, including, but not limited to taxes, costs or other expenses

arising out of this transaction, as the same become due and payable, except to

the extent the same are being contested in good faith by appropriate proceedings

in a diligent manner. Promptly upon payment and otherwise upon request of

Lender, Borrower shall provide to Lender evidence of payment of all taxes.

(e) Maintenance and Inspection. Maintain its assets in good condition and

repair, and provide access to Lender, upon reasonable prior notice by Lender and

during normal business hours, to inspect its assets and all records of Borrower.

(f) Environmental. Immediately advise Lender in writing of (i) any and all

enforcement, cleanup, remedial, removal, or other governmental or regulatory

actions instituted, completed or threatened pursuant to any applicable federal,

state, or local laws, ordinances or regulations relating to any hazardous

materials affecting Borrower or its assets; and (ii) all claims made or

threatened by any third party against it relating to damages, contribution, cost

recovery, compensation, loss or injury resulting from any hazardous materials.

Borrower shall immediately notify Lender of any remedial action taken by it

under environmental laws, regulations or agreements. Borrower will not use or

permit any other party to use any hazardous materials at its premises except

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such materials as are incidental to its normal course of business, maintenance

and repairs and which are handled in compliance with all applicable

environmental laws. Borrower agrees to (I) permit Lender, its agents,

contractors, employees and representatives to enter and inspect its premises at

any reasonable times upon three (3) days prior notice for the purposes of

conducting an environmental investigation and audit (including taking physical

samples) to insure compliance with this covenant and Borrower shall reimburse

Lender on demand for the costs of any such environmental investigation and

audit; and (II) provide Lender, its agents, contractors, employees and

representatives with access to and copies of any and all data and documents

relating to or dealing with any hazardous materials used, generated,

manufactured, stored or disposed of by its business operations within five (5)

days of Lender's request therefor.

(g) Title to Assets. Borrower shall maintain good and defensible title to

all of its assets, free and clear of all liens, claims and other encumbrances

except for those on the Mortgaged Properties securing the Senior Debt, and shall

provide to Lender evidence of such title upon request.

(h) Permits. Borrower shall maintain all Permits necessary and appropriate

for the conduct of its business and ownership of its assets.

(i) Use of Proceeds. The loan proceeds hereunder will be used to refinance

indebtedness owed by Borrower to Lender under the Original Credit Agreement.

9. Negative Covenants. Until full payment and performance of all

obligations of Borrower under the Loan Documents, Borrower will not, without the

prior written consent of Lender (and without limiting any obligation of Borrower

under any other Loan Documents):

(a) Transfer of Assets or Change of Control. (i) Sell, lease, assign or

otherwise dispose of or transfer any interest in any of the Mortgaged Properties

or the Pledged Assets, other than in the ordinary course of business, (ii) enter

into any merger, consolidation or similar transaction, or (iii) allow a Change

of Control (as defined herein) of Borrower. As used herein, "CHANGE OF CONTROL"

means, with respect to Borrower, an event or series of events by which there is

a material change of the management personnel of Borrower.

(b) Liens. Grant, suffer or permit any contractual or noncontractual lien

on or security interest in its assets, except for liens securing the Senior

Debt, fail to promptly pay when due all lawful claims, whether for labor,

materials or otherwise, or incur or permit any indebtedness to be secured by its

assets other than the Senior Debt to Newton permitted by Section 3.

(c) Restrictions on Dividends, Distributions and Payments. Upon any Event

of Default, Borrower shall not make any dividends, distributions, compensation

or other payments to any of its partners, members or other equity holders,

directly or indirectly.

(d) Other Debt. Create, incur, assume or become liable in any manner for

any indebtedness (for borrowed money, deferred payment for the purchase of

assets, lease payments, a surety or guarantor for the debt of another or

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otherwise), except for normal trade debts incurred in the ordinary course of

business, the Indebtedness and the Senior Debt.

(e) Character of Business. Change the general character of its business as

conducted on the date of this Agreement, or engage in any type of business not

reasonably related to its business as presently conducted.

(f) Transfer of Securities/Change of Control. There shall not be any Change

of Control of Borrower, without the prior written consent of Lender, which shall

not be unreasonably withheld, and the execution and delivery of such Loan

Document amendments, and other documents and instruments as are requested by

Lender.

10. Arbitration. Lender and Borrower agree that upon the written demand of

either party, whether made before or after the institution of any legal

proceedings, but prior to the rendering of any judgment in that proceeding, all

disputes, claims and controversies between them, whether individual, joint, or

class in nature, arising from this Agreement, any other Loan Document or

otherwise, including without limitation contract disputes and tort claims, shall

be resolved by binding arbitration pursuant to the Commercial Rules of the

American Arbitration Association ("AAA"). Any arbitration proceeding held

pursuant to this arbitration provision shall be conducted in Midland, Texas. No

act to take or dispose of any collateral shall constitute a waiver of this

arbitration agreement or be prohibited by this arbitration agreement. This

arbitration provision shall not limit the right of either party during any

dispute, claim or controversy to seek, use, and employ ancillary, or preliminary

rights and/or remedies, judicial or otherwise, for the purposes of realizing

upon, preserving, protecting, foreclosing upon or proceeding under forcible

entry and detainer for possession of, any real or personal property, and any

such action shall not be deemed an election of remedies. Such remedies include,

without limitation, obtaining injunctive relief or a temporary restraining

order, invoking a power of sale under any security agreement, deed of trust or

mortgage, obtaining a writ of attachment or imposition of a receivership, or

exercising any rights relating to personal property, including exercising the

right of set-off, or taking or disposing of such property with or without

judicial process pursuant to the Uniform Commercial Code. Any disputes, claims

or controversies concerning the lawfulness of reasonableness of an act, or

exercise of any right or remedy concerning any collateral, including any claim

to rescind, reform, or otherwise modify any agreement relating to the

collateral, shall also be arbitrated; provided, however that no arbitrator shall

have the right or the power to enjoin or restrain any act of either party.

Judgment upon any award rendered by any arbitrator may be entered in any court

having jurisdiction. The statute of limitations, estoppel, waiver, laches and

similar doctrines which would otherwise be applicable in an action brought by a

party shall be applicable in any arbitration proceeding, and the commencement of

an arbitration proceeding shall be deemed the commencement of any action for

these purposes. The Federal Arbitration Act (Title 9 of the United States Code)

shall apply to the construction, interpretation, and enforcement of this

arbitration provision.

11. Default. Borrower shall be in default under this Agreement and under

each of the other Loan Documents upon the occurrence of any of the following (an

"EVENT OF DEFAULT"):

(a) Borrower defaults in the payment of any amounts due and owing under the

Note;

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(b) Borrower fails to timely and properly observe, keep or perform any

term, covenant, agreement or condition of this Agreement or in any other Loan

Document or in any other loan agreement, promissory note, security agreement,

deed of trust, mortgage, assignment or other contract securing, guaranteeing or

evidencing payment of any indebtedness of Borrower to Lender, or if a default or

an event of default shall occur under any Loan Document, or if a default or an

event of default shall occur under any material agreement of Borrower;

(c) a default or an event of default shall occur under or in connection

with the Senior Debt from Newton;

(d) any representation, warranty or statement made by Borrower herein, in

any of the other Loan Documents or in any certificate furnished to Lender

hereunder shall be breached or shall prove to be untrue or misleading in any

material respect at the time when made;

(e) Borrower shall (i) apply for or consent to the appointment of a

receiver, trustee or liquidator of it or of all or a substantial part of its

assets; (ii) be unable, or admit in writing its inability, to pay its debts as

they become due; (iii) make a general assignment for the benefit of creditors;

(iv) be adjudicated as bankrupt or insolvent or file a voluntary petition in

bankruptcy; (v) file a petition or an answer seeking reorganization or an

arrangement with creditors or to take advantage of any bankruptcy or insolvency

law; (vi) file an answer admitting the material allegations of, or consent to,

or default in answering, a petition filed against it in any bankruptcy,

reorganization or insolvency proceedings; or (vii) take any action (corporate or

otherwise) for the purpose of effecting any of the foregoing;

(f) an order, judgment or decree shall be entered by any court of competent

jurisdiction approving a petition seeking reorganization of Borrower or

appointing a receiver, trustee or liquidator of Borrower or of all or a

substantial part of its assets, and such order, judgment or decree shall

continue unstayed in effect for any period of forty-five (45) consecutive days;

(g) any lien for failure to pay income, payroll, FICA or similar taxes

shall be filed by any governmental authority against Borrower or any of its

assets;

(h) except for those defaults existing as of the date hereof (which are

listed on Schedule 11(h) attached hereto), default shall occur in the payment of

any indebtedness of Borrower aggregating $50,000.00 or more under any note, loan

agreement or credit agreement and such default shall continue for more than the

period of grace, if any, specified therein, or any such indebtedness shall

become due before its stated maturity by acceleration of the maturity thereof or

shall become due by its terms and shall not be promptly paid or extended;

(i) any final judgment or judgments for the payment of money in the amount

of $50,000.00 or more, in the aggregate, shall be rendered against Borrower and

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shall not be satisfied or discharged at least thirty (30) days prior to the date

on which any of its assets could be lawfully sold to satisfy such judgment or

judgments;

(j) a Change of Control shall occur;

(k) any event that, in the reasonable good faith estimation of Lender,

threatens the value of any collateral securing the Indebtedness or casts doubt

on the ability of Borrower to repay the Indebtedness; or

(l) the dissolution of Borrower.

12. Remedies Upon Default. If an Event of Default shall occur, Lender shall

have all rights, powers and remedies available under each of the Loan Documents

as well as all rights and remedies available at law or in equity, including,

without limitation, the right to declare the Indebtedness immediately due and

payable; provided, that in connection with any default or Event of Default

related to the insolvency of Borrower or any debtor relief laws, the full amount

of the Indebtedness shall automatically become fully due and payable.

13. Notices. All notices, requests or demands which any party is required

or may desire to give to any other party under any provision of this Agreement

or any other Loan Document must be in writing delivered to the other party at

the following address:

Borrower: Baron Energy, Inc.

392 W. Mill Street

New Braunfels, Texas 78130

Fax: (830) 608-0300

Lender: BaseLine Capital, Inc.

310 West Wall Street, Suite 803

Midland, Texas 79701

Fax: (432) 687-1372

or to such other address as any party may designate by written notice to the

other party. Each such notice, request and demand shall be deemed given or made

(a) if sent by mail, upon the earlier of the date of receipt or five (5) days

after deposit in the U.S. Mail, first class postage prepaid; or (b) if sent by

any other means, upon delivery.

14. Costs, Expenses and Attorneys' Fees. Borrower shall pay to Lender

immediately upon demand the full amount of all reasonable costs and expenses,

including reasonable attorneys' fees incurred at any time by Lender (whether

before, after or during the loan closing) in connection with (a) the Loan, (b)

the negotiation and preparation of this Agreement and each of the Loan Documents

and any rights, remedies or interests hereunder or thereunder, (c) the

maintenance, renewal or collection of the Loan or any rights or remedies under

any Loan Documents, and (d) all other costs and attorneys' fees incurred by

Lender for which Borrower is obligated to reimburse Lender in accordance with

the terms of the Loan Documents.

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15. Savings Clause. All agreements between Borrower and Lender, whether now

existing or hereafter arising and whether written or oral, are hereby limited so

that in no contingency shall the interest paid or agreed to be paid to Lender

exceed the maximum amount permitted under applicable law. If, under any

circumstance whatsoever, interest would otherwise be payable to Lender at a rate

in excess of the highest lawful rate, then the interest payable to Lender shall

be reduced to the maximum amount permitted under applicable law, and if under

any circumstance whatsoever Lender shall ever receive anything of value deemed

interest by applicable law which would exceed interest at the highest lawful

rate, then any excessive interest paid shall be applied to the reduction of the

aggregate principal amount of the Note and any other obligation owing under the

Loan Documents and not to the payment of interest or if such excess interest

exceeds all amounts due and owing under the Loan Documents, such excess shall be

refunded to Borrower. All interest paid or agreed to be paid to Lender shall, to

the extent permitted by applicable law, be amortized, prorated, allocated and

spread throughout the full term of the obligations of Borrower to Lender

(including the period of any renewal or extension).

16. Miscellaneous. Borrower and Lender further covenant and agree as

follows, without limiting any obligation of Borrower under any other Loan

Document:

(a) Cumulative Rights and Waiver of Notice. Each and every right granted to

Lender under any Loan Document, or allowed it by law or equity shall be

cumulative of each other and may be exercised in addition to any and all other

rights of Lender, and no delay in exercising any right shall operate as a waiver

thereof, nor shall any single or partial exercise by Lender of any right

preclude any other or future exercise thereof or the exercise of any other

right. Borrower expressly waives any presentment, demand, protest or other

notice of any kind, including but not limited to notice of intent to accelerate

and notice of acceleration. No notice to or demand on Borrower shall, of itself,

entitle Borrower to any other or future notice or demand in similar or other

circumstances.

(b) Applicable Law. This Agreement and the rights and obligations of the

parties hereunder shall be governed by, and construed in accordance with, the

laws of the State of Texas, and are performable in Midland, Midland County,

Texas.

(c) Amendment and Binding Effect. No modification, consent, amendment or

waiver of any provision of this Agreement, nor consent to any departure by

Borrower therefrom, shall be effective unless the same shall be in writing and

signed by an officer of Lender, and then shall be effective only in the

specified instance and for the purpose for which given. This Agreement is

binding upon each of Borrower and its successors and assigns, and inures to the

benefit of Lender, its participants, successors and assigns; however, no

assignment or other transfer of Borrower's rights or obligations hereunder shall

be made or be effective without Lender's prior written consent, nor shall it

relieve Borrower of any obligations hereunder.

(d) Documents and Further Assurances. All documents, certificates and other

items required under this Agreement to be executed and/or delivered to Lender

shall be in form and content satisfactory to Lender and its counsel. Borrower

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agrees to execute and deliver to Lender such additional documents and

instruments as Lender may request to evidence and complete the transactions

contemplated hereby.

(e) Partial Invalidity. The unenforceability or invalidity of any provision

of this Agreement shall not affect the enforceability or validity of any other

provision herein and the invalidity or unenforceability of any provision of any

Loan Document to any person or circumstance shall not affect the enforceability

or validity of such provision as it may apply to other persons or circumstances.

(f) INDEMNIFICATION. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY,

BORROWER SHALL INDEMNIFY, DEFEND AND HOLD LENDER AND ITS OFFICERS, EMPLOYEES,

AGENTS, SHAREHOLDERS, DIRECTORS, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE

"BASELINE PARTIES") HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS,

SUITS, LOSSES, DAMAGES, ASSESSMENTS, FINES, PENALTIES, COSTS OR OTHER EXPENSES

(INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) ARISING FROM OR IN ANY

WAY RELATED TO ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING BUT NOT

LIMITED TO ANY OPERATIONS OR OPERATIONAL DECISIONS, OR ACTUAL OR THREATENED

DAMAGE TO THE ENVIRONMENT, AGENCY COSTS OF INVESTIGATION, PERSONAL INJURY OR

DEATH, OR PROPERTY DAMAGE, DUE TO A RELEASE OR ALLEGED RELEASE OF HAZARDOUS

MATERIALS, ARISING FROM BORROWER'S BUSINESS OPERATIONS, ANY OTHER PROPERTY OWNED

BY BORROWER OR IN THE SURFACE OR GROUND WATER ARISING FROM BORROWER'S BUSINESS

OPERATIONS, OR GASEOUS EMISSIONS ARISING FROM BORROWER'S BUSINESS OPERATIONS OR

ANY OTHER CONDITION EXISTING OR ARISING FROM BORROWER'S BUSINESS OPERATIONS

RESULTING FROM THE USE OR EXISTENCE OF HAZARDOUS MATERIALS, WHETHER SUCH CLAIM

PROVES TO BE TRUE OR FALSE. BORROWER RANTOR FURTHER AGREES THAT ITS INDEMNITY

OBLIGATIONS SHALL INCLUDE, BUT ARE NOT LIMITED TO, LIABILITY FOR DAMAGES

RESULTING FROM THE PERSONAL INJURY OR DEATH OF AN EMPLOYEE OF BORROWER,

REGARDLESS OF WHETHER BORROWER HAS PAID THE EMPLOYEE UNDER THE WORKMEN'S

COMPENSATION LAWS OF ANY STATE OR OTHER SIMILAR FEDERAL OR STATE LEGISLATION FOR

THE PROTECTION OF EMPLOYEES. THE TERM "PROPERTY DAMAGE" AS USED IN THIS

PARAGRAPH INCLUDES, BUT IS NOT LIMITED TO, DAMAGE TO ANY REAL OR PERSONAL

PROPERTY OF BORROWER, THE LENDER, THE BASELINE PARTIES AND OF ANY THIRD PARTIES.

THE BORROWER'S OBLIGATIONS UNDER THIS PARAGRAPH SHALL SURVIVE THE REPAYMENT OF

THE INDEBTEDNESS AND ANY DEED IN LIEU OF FORECLOSURE OR FORECLOSURE OF ANY DEED

OF TRUST, SECURITY AGREEMENT OR MORTGAGE SECURING THE INDEBTEDNESS. THE PARTIES

HERETO INTEND FOR THE PROVISIONS OF THIS PARAGRAPH TO APPLY TO AND PROTECT EACH

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INDEMNIFIED PARTY FROM THE CONSEQUENCES OF ITS OWN NEGLIGENCE, WHETHER OR NOT

THAT NEGLIGENCE IS THE SOLE, CONTRIBUTING OR CONCURRING CAUSE OF ANY CLAIMS

INDEMNIFIED AGAINST IN THIS PARAGRAPH.

(g) Survivability. All covenants, agreements, representations and

warranties made herein or in the other Loan Documents shall survive the making

of the Indebtedness and shall continue in full force and effect so long as the

Indebtedness is outstanding.

(h) Participation of Loan. Borrower agree and consent to Lender

transferring participation interests in this Agreement, the Note and the other

Loan Documents to participants selected by Lender in its sole discretion, and to

Lender providing any information or documents to any such participant.

Participated interests may be held in the name of the participants or in

Lender's name on behalf of such participants, and each of Borrower agrees to

execute and deliver such documents and instruments as Lender may request in

connection with such participations.

(i) Entire Agreement. This Agreement along with the Note, the Security

Documents and the other Loan Documents contain the entire understanding among

the Borrower and Lender with respect to the subject matter contained herein.

Neither this Agreement nor a portion of the provisions hereof maybe changed,

modified, amended, waived, supplemented, discharged, canceled or terminated by

any course of conduct or in the manner other than an agreement in writing. If

there are any conflicts or inconsistencies between this Agreement, the Note, the

Security Documents, or any of the other Loan Documents, this Agreement shall

prevail and control.

(j) Waiver and Release. Lender and Borrower hereby waive and release any

defaults, events of default, claims or causes of action that either may have

against the other that arose under or were related to the Original Loan

Agreement and the related prior loan documents between Permian and Lender prior

to the date of this Agreement.

(k) Counterpart Execution. This Agreement may be executed in any number of

counterparts with the same effect as if all of the parties had signed the same

document. All counterparts shall be construed together and shall constitute one

Agreement. Signatures transmitted by fax or other electronic means shall be

treated as and deemed original signatures and shall be binding for all purposes.

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NOTICE OF FINAL AGREEMENT

THIS AGREEMENT, THE NOTE, THE SECURITY DOCUMENTS AND/OR ANY AND ALL OTHER

DOCUMENTS EXECUTED AT OR NEAR THE TIME OF EXECUTION OF THIS DOCUMENT CONSTITUTE

A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.02(A) OF THE TEXAS BUSINESS &

COMMERCE CODE, AND REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY

NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL

AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE

PARTIES.

LENDER:

BASELINE CAPITAL, INC., a Texas corporation

By: /s/ Karl J. Reiter

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Karl J. Reiter, President

BORROWER:

BARON ENERGY, INC.

By: /s/ Lisa P. Hamilton

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Name: Lisa P. Hamilton

Title: Executive Vice President and CFO

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SCHEDULE 11(H)

TO

FIRST AMENDED AND RESTATED

LOAN AGREEMENT BETWEEN

BASELINE CAPITAL, INC. AND BARON ENERGY, INC.

DATED AS OF APRIL 27, 2011

EXISTING DEFAULTS

1.) Loan Agreement entered into on September 28, 2006 by and between BaseLine

Capital, Inc. and Esconde Resources LP and Esconde Energy LLC

2.) Term Note dated September 28, 2006 payable to the order of Charles W.

Darter, Jr. executed by Esconde Resources LP

3) Non-Negotiable Promissory Note dated March 1, 2006 payable to the order of

The Jerry E. Polis Family Trust executed by Esconde Resources LP

4.) Non-Negotiable Promissory Note dated April 1, 2006 payable to the order of

The Jerry E. Polis Family Trust executed by Esconde Resources LP