

10.4 Absence of Certain Changes. Between the date of execution of this Agreement and Closing, there has not been without Buyer's prior written consent:

10.4.1 A waiver of any right of material value relating to the Properties, other than in the ordinary course of business;

10.4.2 A sale, lease, removal or other disposition of the Properties (other than the sale of gas, oil and products consistent with Seller's past practices);

10.4.3 A mortgage, pledge or grant of a lien or security interest in any of the Properties; or

10.4.4 A contract or commitment to do any of the foregoing.

10.5 Operating Costs. All costs (including royalties and taxes) incurred in connection with the operation of the Properties have been fully paid and discharged by Seller, except normal expenses incurred in operating the Properties within the previous sixty (60) Days or as to which Seller has not yet been billed.

10.6 Litigation. Except as set forth in Exhibit "F" or disclosed in writing to Buyer prior to Closing, there is no action, suit or proceeding pending or threatened against Seller which would have a material adverse effect on the value or operation of the Properties or that would prevent the consummation of the transaction contemplated by this Agreement. Seller shall retain responsibility for litigation or other claims, which are currently pending or threatened, to the extent said litigation or claims relate to the period of time prior to Closing. Buyer shall be solely responsible for such other litigation matters to the extent the Claims relate to: (a) the Properties, and (b) the period of time subsequent to Closing.

10.7 Bankruptcy. There are no bankruptcy, reorganization or receivership proceedings pending, being contemplated by or threatened against Seller.

10.8 Shut-In Wells. The shut-in wells included in the Properties are in compliance with the applicable Laws.

#### ARTICLE 11. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Seller that, to the best of Buyer's knowledge, on the date hereof and as of Closing:

11.1 Organization and Good Standing. Buyer is a Limited Partnership duly organized, validly existing and in good standing under the Laws of the State