

ORIGINAL DOCUMENT
IN THIS CONDITION
WHEN IMAGED

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is dated the 12th day of March, 1998, by and between AMOCO PRODUCTION COMPANY, a Delaware corporation, with an office at 501 WestLake Park Boulevard, Houston, Texas 77079 (hereinafter referred to as "Seller") and HILCORP ENERGY I, L.P., a Texas Limited Partnership, with an office at 1200 Smith Street, Suite 1800, Houston, Texas 77002 (hereinafter referred to as "Buyer"), and is based on the following premises:

WHEREAS, Seller desires to sell, assign and convey to Buyer and Buyer desires to purchase and accept certain oil and gas properties and related interests; and

WHEREAS, the parties have reached agreement regarding such sale and purchase.

NOW, THEREFORE, for valuable consideration and the mutual covenants and agreements herein contained, Seller and Buyer agree as follows:

ARTICLE 1. DEFINITIONS

1. Definitions: In this Agreement, capitalized terms have the meanings provided in this Article, unless expressly provided otherwise in other Articles. All defined terms include both the singular and the plural. All references to Articles refer to Articles in this Agreement, and all references to Exhibits refer to Exhibits attached to and made a part of this Agreement.

1.1 "Accounting Referee" has the meaning set forth in Article 6.5.

1.2 "Affiliate" means any entity that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the entity specified. Control means ownership of fifty percent (50%) or greater of the voting stock of such entity.

1.3 "Alleged Adverse Condition" means an environmental or physical condition asserted by Buyer in accordance with Article 5.2 that, as of Closing (as hereinafter defined), is not in compliance with the then existing Laws (as hereinafter defined), and the costs associated with remediating such individual Alleged Adverse Condition exceeds Fifty Thousand and No/100 United States Dollars (US \$50,000) net to Seller's interests. Notwithstanding anything contained in this Agreement to the contrary, Buyer shall not be entitled to raise an Alleged Adverse Condition unless the aggregate cost associated with remediating all such Alleged Adverse Condition(s) and all Alleged Title Defect(s) exceed four percent (4%) of the unadjusted Purchase Price (as hereinafter defined) (it being acknowledged and agreed that Buyer shall be