

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): April 29, 1999

COMSTOCK RESOURCES, INC.
(Exact name of registrant as specified in its charter)

NEVADA	0-16741	94-1667468
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

5005 LBJ Freeway, Suite 1000, Dallas, Texas
75244 (Address of principal executive
offices)

(972) 701-2000
(Registrant's Telephone No.)

Item 5. Other Events

On April 29, 1999, Comstock Resources, Inc. (the "Company") closed the sale of \$150 million in aggregate principal amount of 11.25% Senior Notes due in 2007 (the "Senior Notes"). Interest on the Senior Notes is payable semiannually on May 1 and November 1, commencing on November 1, 1999. The Senior Notes were priced at a discount to yield 11.35% and proceeds from the sale of the Senior Notes were used to reduce amounts outstanding under the Company's bank credit facility. The Senior Notes are unsecured obligations of the Company and guaranteed by all of the Company's principal operating subsidiaries. The Company can redeem the Senior Note beginning on May 1, 2004.

Concurrently with the sale of the Senior Notes, the Company also sold 1,948,001 shares of its Series A 1999 Convertible Preferred Stock, \$10 par value and 1,051,999 shares of its Series B 1999 Non-Convertible Preferred Stock, \$10 par value (the "Preferred Stock"), in a private placement for \$30 million to certain funds and institutions for which Trust Company of the West serves as investment manager and to Pacific Life Insurance Company and Aquila Energy Capital Corporation. The proceeds from the private placement were used to reduce amounts outstanding under the Company's bank credit facility. The Preferred Stock accrues dividends at an annual rate of 9% and are payable quarterly in cash or in shares of the Company's common stock, at the election of the Company. Shares of the Series A 1999 Convertible Preferred Stock are convertible, at the option of the holder, into shares of common stock of the Company. Based on the initial conversion price of \$4.00 per share of common stock, each share of Series A 1999 Convertible Preferred Stock is convertible into 2.5 shares of common stock. At the Company's upcoming annual meeting of stockholders to be held on June 23, 1999, the Company is asking its stockholders to approve the issuance by the Company of 1,051,999 shares of Series A 1999 Convertible

Preferred Stock upon conversion by the Company of the Series B 1999 Non-Convertible Preferred Stock into shares of Series A 1999 Convertible Preferred Stock.

In connection with the sale of the Senior Notes and the Preferred Stock, the Company entered into a new \$162.5 million revolving credit facility with The First National Bank of Chicago as administrative agent and a syndicate of banks. As of April 29, 1999, the Company has \$104.0 million outstanding under the new bank credit facility.

Item 7. Financial Statements, Proforma Financial Information and Exhibits

Exhibits

- 4.1 Certificate of Voting Powers, Designations, Preferences, and Relative, Participating, Optional or Other Special Rights of the Series A 1999 Convertible Preferred Stock and Series B 1999 Non-Convertible Preferred Stock.
- 4.2 Fifth Amendment to the Rights Agreement between the Company and American Stock Transfer & Trust Company as Rights Agent dated April 29, 1999.
- 10.1 Stock Purchase Agreement dated April 29, 1999 between the Company and certain purchasers.

- 10.2 Credit Agreement dated as of April 29, 1999 between the Company and its principal operating subsidiaries, the lenders party thereto from time to time, The First National Bank of Chicago, as Administrative Agent, Toronto Dominion (Texas), Inc., as Syndication Agent, and Paribas, as Documentation Agent.
- 10.3 Placement Agreement dated April 26, 1999 between the Company and Morgan Stanley & Co. Incorporated, Banc One Capital Markets, Inc., TD Securities (USA) Inc. and Paribas Corporation.
- 10.4 Registration Rights Agreement dated April 29, 1999 between the Company and Morgan Stanley & Co. Incorporated, Banc One Capital Markets, Inc., TD Securities (USA) Inc. and Paribas Corporation.
- 10.5 Indenture dated as of April 29, 1999 between the Company and U.S. Trust Company of Texas, N.A., Trustee for the \$150,000,000 11 1/4% Senior Notes due 2007.

SIGNATURES

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

COMSTOCK RESOURCES, INC.

Dated: May 4, 1999

By:/s/ROLAND O. BURNS

ROLAND O. BURNS Senior Vice President,
Chief Financial Officer, Secretary, and
Treasurer (Principal Financial and
Accounting Officer)

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COMSTOCK RESOURCES, INC.

Certificate of Voting Powers, Designations,
Preferences, and Relative, Participating,
Optional or Other Special Rights of
Series A 1999 Convertible Preferred Stock
and Series B 1999 Non-Convertible Preferred Stock

We, M. Jay Allison, President, and Roland O. Burns, Secretary, of Comstock Resources, Inc. (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Nevada, in accordance with the provisions of Section 78.195 of the Nevada Revised Statutes thereof, DO HEREBY CERTIFY:

That, pursuant to authority conferred upon the Board of Directors by the Restated Articles of Incorporation of the Company, said Board of Directors, at a meeting of the Board of Directors held pursuant to the General Corporation Law of the State of Nevada, duly adopted a resolution providing for the issuance of Three Million (3,000,000) shares of a new series of preferred stock designated as Series A 1999 Convertible Preferred Stock and One Million Fifty One Thousand Nine Hundred Ninety-Nine (1,051,999) shares of a new series of preferred stock designated as Series B 1999 Non-Convertible Preferred Stock, which resolution is as follows:

RESOLVED, that pursuant to the Restated Articles of Incorporation of the Company, there be and hereby is authorized and created a series of preferred stock, to consist of Three Million (3,000,000) shares with a par value of Ten Dollars (\$10.00) per share and that the voting powers, designations, preferences, and relative, participating, optional or other special rights of the Series A 1999 Convertible Preferred Stock (the "Series A 1999 Preferred Stock") and a series of preferred stock to consist of One Million Fifty One Thousand Nine Hundred Ninety-Nine (1,051,999) shares with a par value of Ten Dollars (\$10.00) per share and that the voting powers, designations, preferences and relative, participating, optional or other special rights of the Series B 1999 Non-Convertible Preferred Stock (the "Series B 1999 Preferred Stock" and together with the Series A 1999 Preferred Stock, the "Series 1999 Preferred Stock") and the qualifications, limitations or restrictions thereof be as follows:

1. Certain Definitions. The following terms shall have the following meanings:

"5-Day Average Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the average closing price of the Common Stock on the securities exchange or other national market system on which the Common Stock is then listed over the 5- trading day period immediately prior to such date.

"30-Day Average Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the average closing price of the Common Stock on the securities exchange or other national market system on which the Common Stock is then listed over the 30- trading day period immediately prior to such date.

"1991 Long-Term Incentive Plan" shall mean the Company's 1991 Long-Term Incentive Plan, as in effect on the Closing Date and as such plan may be amended from time to time with the consent of the holders of the Series 1999 Preferred Stock pursuant to Section 6.5(e) hereof.

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"1999 Long-Term Incentive Plan" shall mean the Company's 1999 Long-Term Incentive Plan, in the form attached hereto as Exhibit A and as such plan may be amended from time to time with the consent of the holders of the Series 1999 Preferred Stock pursuant to Section 6.5(e) hereof.

"Act" shall mean the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Actual Directors" shall have the meaning set forth in Section 6.2 below.

"Additional Shares of Nonpreferred Stock" shall mean all shares of

Nonpreferred Stock issued by the Company after the Closing Date other than (i) the shares of Common Stock issued to a holder of the Series 1999 Preferred Stock upon conversion or redemption of, or dividends on, the Series 1999 Preferred Stock, (ii) any issuance of Common Stock or rights or warrants to purchase Common Stock at the then market price pursuant to the Company's 1991 Long-Term Incentive Plan provided that such plan will not provide for the issuance of options, rights, warrants or grants in excess of 4,119,130 shares of Common Stock (and counting as a portion of such shares the 3,890,500 shares reserved for issuance for outstanding options granted under the 1991 Long-Term Incentive Plan as of the Closing Date as shown on Attachment 1 hereto) plus, if the Company's 1999 Long-Term Incentive Plan is not approved by the Company's shareholders, a number of shares equal to ten percent (10%) of the number of shares of Common Stock issued after the Closing Date (excluding Common Stock issued upon conversion or redemption of the Series 1999 Preferred Stock), (iii) if approved by the Company's shareholders, any issuance of Common Stock or rights or warrants to purchase Common Stock at the then current market price pursuant to the 1999 Long-Term Incentive Plan provided that such plan will not provide for the issuance of options, rights, warrants or grants in excess of 1,255,000 shares of Common Stock plus a number of shares of Common Stock per year commencing January 1, 2000 equal to the sum of (x) one percent (1%) of the outstanding number of shares of Common Stock issued and (y) 50,000 shares of Common Stock issuable to non-employee directors, (iv) any shares of Common Stock issued at then current market prices in payment of the annual retainers paid to members of the Board of Directors of the Company if not otherwise included in the 1999 Long-Term Incentive Plan, provided that such annual retainers do not exceed a value or amount of Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate per year, (v) up to 5,111,030 shares of Common Stock issued pursuant to the options and warrants outstanding on the Closing Date (and counting as a portion of such shares the 3,890,500 shares reserved for issuance for outstanding options granted under the 1991 Long-Term Incentive Plan as of the Closing Date) as shown on Attachment 1 hereto, and (vi) the issuance of up to 500,000 shares of Common Stock after the Closing Date at a price per share less than the Conversion Price.

"Applicable IRR Amount" means, for purposes of any provision herein at the date specified in such provision, that amount which, when added to the amount of all dividend payments received by the holders of the Series 1999 Preferred Stock (including dividends the Cash Equivalent Amount of which were paid in the form of Freely Tradeable Common Stock) through such date, would result in such holders receiving a thirty five percent (35%) cumulative cash-on-cash internal rate of return, compounded quarterly, on such holders' initial investment of Ten Dollars (\$10.00) per share of Series 1999 Preferred Stock.

"Available Director Seats" shall have the meaning set forth in Section 6.2 below.

"Business Day" means any day other than a Saturday, a Sunday, any day on which the New York Stock Exchange is closed or any other day on which banking institutions in New York or California are authorized or required by law to be closed.

"Cash Equivalent Amount" means, with respect to any cash amount which may be paid to the holders of the Series 1999 Preferred Stock by way of dividend, redemption or other distribution, the number of shares (or fraction thereof) of Freely Tradeable Common Stock equal in value to such cash amount. For purposes of determining the Cash Equivalent Amount, the shares of Freely

Tradeable Common Stock shall be valued at eighty two and one-half percent (82.5%) multiplied by the lower of (i) the 30-Day Average Price of the Common Stock or (ii) the 5-Day Average Price of the Common Stock; provided, that if the Cash Equivalent Amount cannot be ascertained by such methods, then the Freely Tradeable Common Stock shall be valued at eighty two and one-half percent (82.5%) multiplied by the lower of (i) the net book value per share of Common Stock, determined in accordance with generally accepted accounting principles, or (ii) the fair value per share of Common Stock determined pursuant to the Valuation Procedure. The Cash Equivalent Amount shall be determined as of the date immediately prior to the date of issuance of any such Freely Tradeable Common Stock.

"Change of Control" shall mean (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Commission under the Securities Exchange Act of 1934, as amended) of more than fifty percent (50%) of the outstanding shares of voting stock of the Company or (ii) that the Board of Directors of the Company shall not consist of a majority of Continuing Directors of the Company.

"Closing Date" means the date of the closing of the first sale of the Series 1999 Preferred Stock.

"Commission" shall mean the Securities and Exchange Commission or any other similar or successor agency of the federal government administering the Act.

"Common Stock" shall mean the common stock of the Company, par value \$0.50 per share.

"Continuing Directors" of the Company shall mean the directors of the Company as of the Closing Date and each other director of the Company if such other director's nomination for election to the Board of Directors of the Company is recommended by a majority of the then Continuing Directors of the Company.

"Conversion Price" shall initially be Four Dollars (\$4.00) and shall be adjusted and readjusted from time to time as provided in Section 8 below.

"Convertible Securities" shall mean evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for Additional Shares of Nonpreferred Stock, either immediately or upon the arrival of a specified date or the happening of a specified event.

"Events of Noncompliance" shall mean each of the events specified in Sections 6 and 7 below.

"Fair Market Price" per share of Common Stock, for purposes of any provision herein at the date specified in such provision, shall mean the greater of (i) the 30-Day Average Price of the Common Stock or (ii) the 5-Day Average Price of the Common Stock; provided, that if the Fair Market Price per share of Common Stock cannot be ascertained by such methods, then the Fair Market Price per share of Common Stock shall be deemed to be the greater of (i) the net book value per share of Common Stock, determined in accordance with generally accepted accounting principles, or (ii) the fair value per share of Common Stock determined pursuant to the Valuation Procedure.

"Freely Tradeable Common Stock" shall mean Common Stock (i) for which a registration statement with respect to the sale of such Common Stock shall have become and shall remain continuously effective under the Act and listing application shall have been made, in each case permitting all of such Common Stock to be disposed of from time to time in transactions on the principal exchange or market where such Common Stock is publicly traded or in a registered

transaction or (ii) which may be distributed immediately to the public pursuant to Rule 144 (or any successor provision) under the Act without the need to meet any holding period requirement pursuant to such rule; provided that in each case the Common Stock is represented by certificates not bearing a legend restricting transfer and the disposition of which Common Stock does not require registration or qualification under the Act or any state securities laws then in force.

"Junior Stock" shall have the meaning set forth in Section 2 below.

"Liquidation Amount" means Ten Dollars (\$10.00), plus a sum equal to all accumulated but unpaid dividends and interest thereon, if any, through the date of any determination thereof, per share of Series 1999 Preferred Stock.

"Nonpreferred Stock" shall mean the Common Stock and shall also include stock of the Company of any other class which is not preferred as to dividends or assets over any other class of stock of the Company and which is not subject to redemption.

"Person" shall include an individual, a corporation, an association, a partnership, a trust or estate, a joint stock company, an unincorporated organization, a limited liability company, a joint venture, a government (foreign or domestic), and any agency or political subdivision thereof, or any other entity.

"Valuation Procedure" shall have the meaning set forth in Section 8.3(b) below.

2. Ranking of the Series 1999 Preferred Stock. The Series A 1999 Preferred Stock and the Series B 1999 Preferred Stock shall be pari passu with respect to the right to receive dividends or assets upon the liquidation, dissolution or winding up of the Company. So long as any shares of Series 1999 Preferred Stock shall be outstanding, the Series 1999 Preferred Stock shall rank senior with respect to the right to receive dividends or assets upon liquidation, dissolution or winding up of the Company to the Common Stock and to all other series of preferred stock or classes or series of capital stock hereafter or heretofore established by the Board of Directors (collectively, the "Junior Stock").

3. Dividends; Restricted Payments.

3.1. Dividend Payment Dates. The holders of the Series 1999 Preferred Stock shall be entitled to receive when, as and if declared by the Board of Directors out of funds legally available for the purpose, cumulative dividend payments, payable quarterly in accordance with this Section 3, on March 31, June 30, September 30 and December 31 of each year commencing on June 30, 1999, or, in the event that any such date is not a Business Day, the immediately preceding Business Day before such date. Dividends on the Series 1999 Preferred Stock shall be cumulative from the date of original issue of the Series 1999 Preferred Stock. Accumulations of dividends shall bear interest at a rate of nine percent (9%) per annum, compounded quarterly, which interest shall be deemed accrued dividends payable in the same manner and at the same time as dividends and redemptions shall be paid on the Series 1999 Preferred Stock.

3.2. Form of Payment. Dividends on the Series 1999 Preferred Stock may, at the option of the Company, be paid:

(a) in cash at a quarterly rate of twenty two and one-half cents (\$0.225) per share;

(b) in shares (whether whole or fractional) of Freely Tradeable Common Stock valued at the Cash Equivalent Amount for the purposes of determining the number of shares (or fraction thereof) of Freely Tradeable Common Stock to be issued; or

(c) by combination of cash and such shares;

provided, that if any such dividend shall be paid in a combination of cash and shares of Freely Tradeable Common Stock, all holders of the Series 1999 Preferred Stock shall receive cash and shares of Freely Tradeable Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount.

3.3. Record Date. The Board of Directors shall fix a record date for the determination of holders of the Series 1999 Preferred Stock entitled to receive payment of a dividend declared thereon, which record date shall be not more than sixty (60) days prior to the date fixed for the payment thereof.

3.4. Restricted Payments. Unless full cumulative dividends on the Series 1999 Preferred Stock have been paid, no dividends shall be declared or paid or set apart for payment or other distribution upon any Junior Stock nor shall any Junior Stock be redeemed, purchased or otherwise acquired by the Company for any consideration (or any payment made to or available for a sinking fund for the redemption of any shares of such stock) by the Company.

4. Redemption.

4.1. Mandatory Redemption. On May 1st of each of 2005, 2006 and 2007, or, in the event that any such date is not a Business Day, the immediately preceding Business Day before such date, the Company shall redeem a number of shares (or such lesser number of shares if a lesser number of shares shall be outstanding on such date) of the Series A 1999 Preferred Stock equal to one-third of (x) the number of Series A 1999 Preferred Stock originally issued by the Company plus (y) the number of Series A 1999 Preferred Stock issued upon the conversion of the Series B 1999 Preferred Stock and a number of shares of the Series B 1999 Preferred Stock equal to one-third of the number of Series B 1999 Preferred Stock originally issued by the Company (or such lesser number of shares if a lesser number of shares shall be outstanding on such date); provided, that if the holders of the Series 1999 Preferred Stock are the beneficial owners of at least five percent (5%) of the issued and outstanding Common Stock, the Company shall not be permitted to redeem an aggregate of 1,000 shares of the Series A 1999 Preferred Stock on May 1, 2007 or thereafter until the holders of the Series 1999 Preferred Stock as of any date of determination do not beneficially own five percent (5%) or more of the issued and outstanding Common Stock issued by the Company upon the conversion or redemption of the Series 1999 Preferred Stock or paid by the Company as a dividend on the Series 1999 Preferred Stock, at which time the Company may redeem such shares by paying the holders of such shares in cash a price per share equal to the Liquidation Amount. Redemptions pursuant to this Section 4.1 shall be paid, at the option of the Company, (i) in cash for a price per share of Series 1999 Preferred Stock equal to the Liquidation Amount, (ii) with shares (whether whole or fractional) of Freely Tradeable Common Stock having a Cash Equivalent Amount equal to the Liquidation Amount or (iii) by combination of cash and such shares; provided, that if such redemption shall be paid in a combination of cash and shares of Freely Tradeable Common Stock, all holders of the Series 1999 Preferred Stock shall receive cash and shares of Freely Tradeable Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount. In the event that at any time less than all of the shares of Series 1999 Preferred Stock outstanding are to be redeemed pursuant to this Section 4.1, the Company shall effect such redemption pro rata according to the number of shares of Series 1999 Preferred Stock held by each holder thereof.

4.2. Redemptions Upon Change of Control or Merger. (a) Upon the sale, conveyance or disposition of all or substantially all of the assets of the Company, a merger, consolidation or other reorganization of the Company in a transaction or series of related transactions (except for a merger, consolidation or reorganization as to which Subsection 4.2(b) applies or after the consummation of which the stockholders of the Company own a majority of the

voting securities of the surviving corporation or its parent corporation), or a Change of Control, each holder of the Series 1999 Preferred Stock shall have the right to require that the Company redeem all or any part of such holder's Series 1999 Preferred Stock on a date that is no earlier than three Business Days following the date such holder notifies the Company of its election to cause the Company to redeem its Series 1999 Preferred Stock for cash out of legally available funds at a price per share equal to the Liquidation Amount.

(b) Upon a merger or consolidation of the Company with or into any other corporation or other entity where (1) either (A) the Company is not the surviving corporation or (B) the Company shall issue to any Person as consideration in respect of such consolidation or merger any capital stock of the Company representing twenty percent (20%) or more of the Company's outstanding capital stock prior to such consolidation or merger and (2) the Company has not received the affirmative vote or consent of the holders of a majority of the outstanding shares of the Series 1999 Preferred Stock, voting as a separate class, each holder of the Series 1999 Preferred Stock shall have the right to require that the Company redeem all or any part of such holder's Series 1999 Preferred Stock on a date that is no earlier than three Business Days following the date such holder notifies the Company of its election to cause the Company to redeem its Series 1999 Preferred Stock for cash out of legally available funds at a price per share equal to the Applicable IRR Amount.

(c) If on the date of such sale, conveyance, disposition, Change of Control, merger or consolidation funds legally available for such redemption shall be insufficient to redeem all of the outstanding shares of Series 1999 Preferred Stock held by holders who have elected to have their shares redeemed, funds to the extent legally available shall be used for such purpose and the Company shall effect such redemption pro rata according to the number of shares of Series 1999 Preferred Stock held by each holder thereof. The redemption requirements provided hereby shall be continuous, so that if on the date of such sale, conveyance, disposition, Change of Control, merger or consolidation such requirements can not be fully discharged, without further action by any holder of the Series 1999 Preferred Stock funds legally available shall be applied therefor until such requirements are fulfilled.

Prior to the payment in full of the amounts owing under this Section 4.2 to any holder of Series 1999 Preferred Stock who has elected to have its shares redeemed, the dividends with respect to such shares shall continue to accrue dividends and such shares shall retain all rights associated with such Series 1999 Preferred Stock. Upon payment in full of the amounts owing under this Section 4.2 to any holder of Series 1999 Preferred Stock who has elected to have its shares redeemed, then notwithstanding that the certificate or certificates evidencing such shares shall not have been surrendered, the dividends with respect to such shares shall cease to accrue after the date of such payment in full and all rights with respect to such shares shall forthwith terminate.

4.3. Optional Redemption Prior to March 31, 2002. The shares of Series 1999 Preferred Stock may be redeemed, in whole but not in part, at the option of the Company, at any time prior to March 31, 2002, if the Common Stock has traded on a recognized securities exchange or national market system more than 75,000 shares per day (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like) over the 30-trading day period prior to the date of the Redemption Notice required by Section 4.5 below at an average closing price on such securities exchange or national market system equal to or greater than the following amounts (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like):

On or prior to

March 31:	Average Closing Price:
2000	\$ 6.25
2001	\$ 8.25
2002	\$ 10.00

Redemptions pursuant to this Section 4.3 shall be paid, at the option of the Company, (i) in cash for a price per share of Series 1999 Preferred Stock equal to the 30-Day Average Price of the Common Stock immediately prior to such date of redemption multiplied by the number of shares of Common Stock issuable upon the conversion of one share of Series 1999 Preferred Stock at the then applicable Conversion Price, (ii) with shares (whether whole or fractional) of Freely Tradeable Common Stock valued at a Cash Equivalent Amount equal to the cash amount provided in clause (i) above, or (iii) with a combination of cash and such shares in amounts determined pursuant to clauses (i) and (ii) above, respectively; provided, that if such redemption shall be paid in a combination of cash and shares of Freely Tradeable Common Stock, all holders of the Series 1999 Preferred Stock shall receive cash and shares of Freely Tradeable Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount. Notwithstanding anything set forth in this Section 4.3, there shall be no trading volume requirement if redemptions pursuant to this Section 4.3 are paid in cash as set forth in clause (i) of the immediately preceding sentence. For purposes of calculating the redemption payment of the Series B 1999 Preferred Stock to be made pursuant to this Section 4.3, the Series B 1999 Preferred Stock shall be deemed to have the same Conversion Price as the Series A 1999 Preferred Stock.

4.4. Optional Redemption After March 31, 2002. The shares of Series 1999 Preferred Stock may be redeemed, in whole but not in part, at the option of the Company, at any time on or after March 31, 2002, if the Common Stock has traded on a recognized securities exchange or national market system more than 75,000 shares per day (as adjusted for stock dividends, split-ups, mergers, recapitalizations, combinations, exchanges of shares or the like) over the 30-trading day period prior to the date of the Redemption Notice required by Section 4.5 below.

Redemptions pursuant to this Section 4.4 shall be made, at the option of the Company, (i) in cash for a price per share of Series 1999 Preferred Stock equal to the Applicable IRR Amount, (ii) with shares (whether whole or fractional) of Freely Tradeable Common Stock valued at a Cash Equivalent Amount equal to the Applicable IRR Amount or (iii) with a combination of cash and such shares in amounts determined pursuant to clauses (i) and (ii) above, respectively; provided, that if such redemption shall be paid in a combination of cash and shares of Freely Tradeable Common Stock, all holders of the Series 1999 Preferred Stock shall receive cash and shares of Freely Tradeable Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount. Notwithstanding anything set forth in this Section 4.4, there shall be no trading volume requirement if redemptions pursuant to this Section 4.4 are paid in cash as set forth in clause (i) of the immediately preceding sentence.

4.5. Redemption Notice. The Company shall give written notice (the "Redemption Notice") to each holder of the class of Series 1999 Preferred Stock to be redeemed by the Company at least 20 Business Days prior to the date (the "Redemption Date") of any redemption required or permitted to be made by the Company under this Section 4, such notice to be addressed to each holder at the address as it appears on the stock transfer books of the Company. Such notice

shall specify (i) the class or classes of Series 1999 Preferred Stock to be redeemed, (ii) the Redemption Date, (iii) the number of all shares of each class of the Series 1999 Preferred Stock of each holder to be redeemed and (iv) the amount and form or forms of payment therefor and the method of calculation thereof (the "Redemption Amount"). On or after each such Redemption Date, each holder of the Series 1999 Preferred Stock shall surrender a certificate or certificates representing the number of shares of each class of the Series 1999 Preferred Stock to be redeemed as stated in the Redemption Notice provided by the Company. If the Redemption Notice shall have been duly given, and if on the Redemption Date the Redemption Amount is either paid or made reasonably available for payment in immediately available funds, Common Stock or a combination thereof as provided herein to the holders of the Series 1999 Preferred Stock being redeemed, then notwithstanding that the certificates evidencing any of the Series 1999 Preferred Stock so called for redemption shall not have been surrendered, the dividends with respect to such shares shall cease to accrue after the Redemption Date and all rights with respect to such shares shall forthwith terminate after the Redemption Date, except only the right of the holders to receive the Redemption Amount without interest upon surrender of their certificate or certificates. Notwithstanding anything to the contrary contained herein, with respect to any shares of Series 1999 Preferred Stock scheduled for redemption pursuant to a Redemption Notice, the holders of such shares may at any time prior to the Redemption Date, upon written notice to the Company as provided herein, exercise their right to convert all or any portion of such shares into Common Stock at the Conversion Price. For purposes of calculating the redemption payment of the Series B 1999 Preferred Stock to be made pursuant to this Section 4.5, the Series B 1999 Preferred Stock shall be deemed to have the same Conversion Price as the Series A 1999 Preferred Stock.

4.6. Series B 1999 Preferred Stock Optional Redemption on or after December 30, 1999. At any time and from time to time on or after December 30, 1999, each holder the Series B 1999 Preferred Stock shall have the right to require that the Company redeem all or any part of such holder's Series B 1999 Preferred Stock on a date that is no earlier than three Business Days following the date such holder notifies the Company of its election to cause the Company to redeem its Series B 1999 Preferred Stock for a redemption price equal to one Unit per share of Series B 1999 Preferred Stock. Each "Unit" shall be comprised of (x) an amount equal to the Liquidation Amount for such share of Series B 1999 Preferred Stock (the "Non-SAR Amount") and (y) two and one-half (2.5) Stock Appreciation Rights ("SAR's"), in form satisfactory to the holders of the Series B 1999 Preferred Stock and their legal counsel, constituting the right to be paid by the Company the difference between Three Dollars and Seventy Five Cents (\$3.75) per share (the "SAR Threshold Amount") of Common Stock and the fair market value of a share of Common Stock on the date the SAR is redeemed by a holder of such SAR (the "SAR Exercise Amount"). Both the number of shares of SAR's and the SAR Threshold Amount of the SAR's shall be subject to adjustment and non-impairment pursuant to anti-dilution provisions providing substantially equivalent protections as the terms of Section 8 below in the same manner as Series A 1999 Preferred Stock. At any time and from time to time on or after the grant of the SAR's, each holder of an SAR shall have the right to require that the Company redeem all or any part of such holder's SAR's on a date that is no earlier than three Business Days following the date such holder notifies the Company of its election to cause the Company to redeem its SAR's for a redemption price equal to the SAR Exercise Amount for such SAR's.

The Non-SAR Amount shall be paid in (i) cash out of legally available funds, (ii) with shares of Freely Tradeable Common Stock valued at a Cash Equivalent Amount equal to the cash amount provided in clause (i) above, (iii) with shares of Series A Preferred Stock valued, based on the par value of such shares, at an amount equal to the Liquidation Amount of the Series B 1999 Preferred Stock redeemed, or (iv) with a combination of cash and such shares in amounts determined pursuant to clause (i), (ii) and (iii) above, respectively; provided, that if the Non-SAR Amount shall be paid in a combination of cash and shares of Series A 1999 Preferred Stock and/or Freely Tradeable Common Stock, all holders of the Series B 1999 Preferred Stock electing to cause the Company to redeem shares of Series B 1999 Preferred Stock shall receive cash and shares of Series A 1999 Preferred Stock and/or Freely Tradeable Common Stock in the

same ratio, except that the Company, at its option, may (a) pay cash in lieu of fractional shares of Series A 1999 Preferred Stock valued at an amount equal to the cash value of such fraction shares of Series A 1999 Preferred Stock and (b) may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount. The Company shall, in its sole discretion, select from the options set forth in clauses (i) through (iv) of the preceding sentence the form of consideration that the Company shall pay or issue to effect such redemption; provided, that if the Company is unable to legally effect such redemption by one or more of the methods of redemption set forth in clauses (i) through (iv) of the preceding sentence, the Company must choose a method of redemption from among the remaining legal methods of redemption.

The SAR Exercise Amount shall be paid in (i) cash out of legally available funds, (ii) with shares of Freely Tradeable Common Stock, or (iii) with a combination of cash and such shares in amounts determined pursuant to clause (i) and (ii) above, respectively; provided, that if the SAR Exercise Amount shall be paid in a combination of cash and shares of Freely Tradeable Common Stock, all holders of the SAR's electing to cause the Company to pay SAR's shall receive cash and shares of Freely Tradeable Common Stock in the same ratio, except that the Company, at its option, may pay cash in lieu of fractional shares of Freely Tradeable Common Stock valued at the Cash Equivalent Amount. The Company shall, in its sole discretion, select from the options set forth in clauses (i) through (iii) of the preceding sentence the form of consideration that the Company shall pay or issue to effect such payment; provided, that if the Company is unable to legally effect such payment by one or more of the methods of payment set forth in clauses (i) through (iii) of the preceding sentence, the Company must choose a method of payment from among the remaining legal methods of payment.

Prior to the payment or issuance in full of the consideration owing under this Section 4.6 to any holder of Series B 1999 Preferred Stock who has elected to have its shares redeemed, the dividends with respect to such shares shall continue to accrue dividends and such shares shall retain all rights associated with such Series B 1999 Preferred Stock. Upon payment or issuance in full of the consideration owing under this Section 4.6 to any holder of Series B 1999 Preferred Stock who has elected to have its shares redeemed, then notwithstanding that the certificate or certificates evidencing such shares shall not have been surrendered, the dividends with respect to such shares shall cease to accrue after the date of such payment in full and all rights with respect to such shares shall forthwith terminate.

5. Liquidation Rights. Upon any liquidation, dissolution or winding up of the affairs of the Company, no distribution shall be made to the holders of any Junior Stock unless, prior to the first such distribution, the holders of the Series 1999 Preferred Stock shall have received the Liquidation Amount. If the assets distributable in any such event to the holders of the Series 1999 Preferred Stock are insufficient to permit the payment to such holders of the full preferential amounts to which they may be entitled, such assets shall be distributed ratably among the holders of the Series 1999 Preferred Stock in proportion to the full preferential amount each such holder would otherwise be entitled to receive.

6. Voting Rights of Series 1999 Preferred Stock.

6.1 Voting Rights. The holders of the Series A 1999 Preferred Stock shall be entitled, on all matters submitted for a vote of the holders of shares of Common Stock, whether pursuant to law or otherwise, to a number of votes per share of the Series A 1999 Preferred Stock equal to the number of shares of Common Stock issuable upon conversion of one share of the Series A 1999 Preferred Stock on the date of such vote, and on all such matters shall vote together as one class with the holders of Common Stock and the holders of all other shares of stock entitled to vote with the holders of Common Stock on such matters.

6.2 Special Voting Rights. In addition, the holders of the Series 1999 Preferred Stock shall have the voting powers provided for by law and shall have the further voting powers provided for below. If one or more of the Events of

Noncompliance (defined below) occurs and remains outstanding and has not been specifically waived in writing by holders of eighty percent (80%) or more of the shares of the Series 1999 Preferred Stock, then, to the extent permitted by law as relating to directorships, the holders of such Series 1999 Preferred Stock shall have the right, voting as single class separately from all other classes and series, to elect two directors of the Company, the remaining directors to be elected by the other classes or series of stock entitled to vote therefor, including the Series 1999 Preferred Stock as set forth in Section 6.1. In addition, the Series 1999 Preferred Stock shall have the right to elect two directors each time that the Company mandatorily redeems the Series 1999 Preferred Stock by issuing Freely Tradeable Common Stock to the holders of Series 1999 Preferred Stock pursuant to the terms of Section 4.1 above. The maximum number of directors that the holders of Series 1999 Preferred Stock may elect pursuant to this Section 6.2 shall be four. If and when such right of the holders of the Series 1999 Preferred Stock becomes operative, the maximum authorized number of members of the Board of Directors of the Company shall automatically be increased to the extent necessary to create any vacancy or vacancies to be filled only by vote of the holders of the Series 1999 Preferred Stock then outstanding as hereinafter set forth. Whenever such right of the holders of the Series 1999 Preferred Stock shall become operative, such right shall be exercised initially either at a special meeting of the holders of the Series 1999 Preferred Stock called as provided in Section 6.3 below or at any annual meeting of stockholders held for the purpose of electing directors, and thereafter at such annual meetings. In electing the directors to be elected by the holders of the Series 1999 Preferred Stock, each holder of such stock shall have one vote for each share thereof held. The right of the holders of the Series 1999 Preferred Stock, voting as a single class separately from all other classes and series, to elect two members of the Board of Directors of the Company as a result of the occurrence of an Event of Noncompliance shall continue until such event is cured or waived as set forth above, at which time the right of the holders of the Series 1999 Preferred Stock to vote separately and as a single class as provided in this Section 6.2 shall terminate (subject to becoming operative again in the event of a subsequent Event of Noncompliance) and the maximum authorized number of members of the Board of Directors of the Company shall automatically be reduced if such number was increased at the time when the terminated voting right of the holders of the Series 1999 Preferred Stock became operative. Notwithstanding the foregoing, in no event shall the Company increase the number of members of the Board of Directors above six, plus those members of the Board of Directors elected by the holders of the Series 1999 Preferred Stock. In the event that (i) the holders of the Series 1999 Preferred Stock elect members of the Board of Directors of the Company pursuant to this Section 6.2, and (ii) all of the Series 1999 Preferred Stock has been converted or redeemed, so long as the holders of the Series 1999 Preferred Stock are the beneficial owners of the percentage of Common Stock listed below, such holders of the Series 1999 Preferred Stock shall continue to have the right, voting as a single class separately from all other classes or series, to elect the number members of the Board of Directors of the Company listed below:

Percentage Ownership Common Stock	No. of Members of Board of Directors
20% or more	4
15 - 19.99%	3
10 - 14.99%	2
5 - 9.99%	1
Less than 5%	0;

provided, that in calculating the percentage of Common Stock owned by the holders, only Common Stock (x) issued by the Company upon the conversion or

redemption of the Series 1999 Preferred Stock or (y) paid by the Company as a dividend on the Series 1999 Preferred Stock shall be included in such calculation. If the holder(s) of the Series 1999 Preferred Stock elect fewer directors than allowed by this Section 6.2, the director(s) elected by the holder(s) of the Series 1999 Preferred Stock shall nonetheless have the number of votes equal to the number of directors the holders of the Series 1999 Preferred Stock could have elected pursuant to this Section 6.2, so that at any subsequent meeting of the Board of Directors of the Company, each director elected by the holder(s) of the Series 1999 Preferred Stock pursuant to this Section 6.2 shall have the number of votes equal to the number of directors that the holder(s) of the Series 1999 Preferred Stock could have elected pursuant to this Section 6.2 (the "Available Director Seats") divided by the actual number of directors elected by the holder(s) of the Series 1999 Preferred Stock pursuant to this Section 6.2 and attending such meeting (the "Actual Directors") and, for purposes of determining whether a quorum is present at such meeting, each such director that was elected by the holders of the Series 1999 Preferred Stock and is present at such meeting shall be counted as a number of directors equal to the number of the Available Director Seats divided by the number of Actual Directors.

Such "Events of Noncompliance", in addition to those set forth in Section 7, are:

(a) the failure by the Company to pay, in the aggregate, four quarterly dividends or the equivalent on the Series 1999 Preferred Stock on the dates on which the same should be payable according to the terms hereof whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends;

(b) the failure by the Company to redeem the Series 1999 Preferred Stock when such redemption is required hereunder;

(c) the occurrence of any event or condition in respect of any debts or security of the Company or any of its subsidiaries, or under any agreement securing or relating to such debt or security, the effect of which is to cause or to permit any holder of such debts or other security or trustee to cause (whether or not such holder or trustee elects to cause) such debts or security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment provided that, with respect to any debts other than the Company's senior bank or other credit facility, such debts in the aggregate exceed Ten Million Dollars (\$10,000,000);

(d) a breach by the Company of any covenant, term or condition hereof, or in respect of any debts or security of the Company or any of its subsidiaries, or any under any agreement securing or relating to such debts or security, which breach is continuing and uncured for a period of at least 30 days after delivery of written notice thereof to the Company; provided that, with respect to any debts other than the Company's senior bank or other credit facility, such debts in the aggregate exceed Ten Million Dollars (\$10,000,000);

(e) Mr. M. Jay Allison shall cease to be the chief executive officer of the Company, or the occurrence of any material decrease in, or the termination of, for any reason, the active involvement of Mr. Allison in the operations and affairs of the Company and its subsidiaries as Mr. Allison is involved on the Closing Date, unless Mr. Allison has been replaced in such capacities by a person or persons approved in writing by the holders of a majority or more of the Series 1999 Preferred Stock, in their sole discretion;

(f) the commencement of an involuntary case or other proceeding against the Company or any of its subsidiaries which seeks liquidation, reorganization or other relief with respect to it or its debtor, other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a

trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or the entry of an order for relief against the Company or any of its subsidiaries in any such case under the United States Bankruptcy Code;

(g) the commencement by the Company or any of its subsidiaries of a voluntary case or other proceeding, seeking liquidation, reorganization or other relief with respect to itself or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or the making by the Company or any of its subsidiaries of a general assignment for the benefit of creditors, or failure by the Company or any of its subsidiaries generally to or written admission of its inability to pay its debts generally as they become due, or the taking of any corporate action to authorize or effect any of the foregoing;

(h) a Change in Control shall have occurred with respect to the Company;

(i) the dissolution of the Company or the discontinuation of its usual business; or

(j) the failure of the Company or any of its subsidiaries to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of Five Million Dollars (\$5,000,000) that is not otherwise being satisfied in accordance with its terms and is not stayed on appeal or otherwise being appropriately contested in good faith and if reserves adequate under generally accepted accounting principles shall not have been established therefor.

6.3. Procedures Relating to Special Voting Rights.

(a) At any time when the special voting rights of the holders of the Series 1999 Preferred Stock provided in Section 6.2 above shall have become operative and not have been exercised, a proper officer of the Company shall, upon the written request of the holders of record of at least twenty percent (20%) of the shares of Series 1999 Preferred Stock then outstanding addressed to the Secretary of the Company, call a special meeting of the holders of the Series 1999 Preferred Stock for the purpose of electing the two directors to be elected by the Series 1999 Preferred Stock. Such meeting shall be held at the earliest practicable date upon the notice required for annual meetings of stockholders at such place in the continental United States as may be specified in such written request. If such meeting shall not be called by the proper officer of the Company within twenty (20) days after the personal service of such written request upon the Secretary of the Company, or within twenty (20) days after mailing the same within the United States by registered or certified mail enclosed in a postpaid envelope addressed to the Secretary of the Company at its principal office, then the holders of record of at least twenty percent (20%) of the shares of Series A 1999 Preferred Stock then outstanding may designate in writing one of their number to call such meeting at the expense of the Company, and such meeting may be called by the person so designated upon the notice required for annual meetings of stockholders and shall be held at such place in the continental United States as may be specified in such notice. Notwithstanding the provisions of this Section 6.3, no such special meeting shall be called during the period of sixty (60) days immediately preceding the date fixed for any annual or special meeting of stockholders if the staff of the Commission shall have advised the Company that the calling of any such meeting shall require the Company to amend or supplement its proxy soliciting materials relating to such annual or special meeting of stockholders; and no such special meeting shall be called if in connection with such meeting a proxy solicitation conforming to the rules and regulations issued under the Securities Exchange Act of 1934, as amended, shall be required, but in such event the election of directors by the holders

of the Series 1999 Preferred Stock shall take place at the next annual meeting of stockholders, unless the right of the holders of the Series 1999 Preferred Stock to elect directors shall in the meantime have terminated.

(b) Upon any termination of the right of the holders of the Series 1999 Preferred Stock to elect directors as hereinabove provided (including as holders of Common Stock), the term of office of any director then in office elected by the Series 1999 Preferred Stock shall terminate immediately. If the office of any director elected by the holders of the Series 1999 Preferred Stock becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, then the procedure provided for in Section 6.3(a) above shall be used to fill the vacancy.

(c) Subject to the provisions of Section 6.2, the Bylaws of the Company shall automatically be deemed amended from time to time to provide for the increase or reduction in the maximum authorized number of members of the Board of Directors and for the election procedure as hereinabove in this Section 6.3 provided.

6.4. Rights Relating to Board of Directors. The Company will promptly execute and deliver to any individual elected to the Board of Directors, pursuant to Section 6.2, an agreement by the Company to indemnify and hold harmless such individual for any and all actions taken by such individual in his capacity as a member of the Board of Directors to the fullest extent permitted by the laws of the state of incorporation of the Company. Unless waived or modified by the holders of a majority of the Series 1999 Preferred Stock voting as a single class, the Company will also use its best efforts to promptly provide for such individual such amount of director's liability insurance as is normal and customary for corporations which have common stock that is publicly traded on the New York Stock Exchange or the NASDAQ National Market System. In addition to the rights of the holders of the Series 1999 Preferred Stock to elect directors as provided herein, any holder of more than 15% of the outstanding Series 1999 Preferred Stock which does not have a representative acting as a member of the Board of Directors shall have the right to appoint an observer who may attend and participate in all meetings (including committee meetings) of the Board of Directors and who shall be entitled to the same expense reimbursement as Directors of the Company.

6.5. Certain Actions by the Company. So long as any shares of the Series 1999 Preferred Stock are outstanding, the Company will not, without the affirmative vote or consent of all of the holders of the outstanding shares of Series 1999 Preferred Stock, voting as a separate classes, amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation which affect the dividend rate, Liquidation Amount, liquidation preference, conversion price, put right, dividend and liquidation priority, mandatory redemption rights and terms of or any material rights or privileges relating to the Series 1999 Preferred Stock.

Unless the vote or consent of the holders of a greater number of shares shall then be required by law or as provided in the immediately preceding paragraph, and so long as any shares of the Series 1999 Preferred Stock are outstanding, the Company will not, without the affirmative vote or consent of the holders of at least eighty percent (80%) of the outstanding shares of Series 1999 Preferred Stock, voting as separate classes:

(a) amend or repeal any provision of, or add any provision to, the Company's Articles of Incorporation which affect the other rights, powers, preferences or terms of the Series 1999 Preferred Stock;

(b) merge or consolidate with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and its subsidiaries on a consolidated basis to any Person or group of affiliated Persons,

or permit any of its subsidiaries to enter into any such transaction or series of related transactions if such transaction or series of transactions, in the aggregate, would result in the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Company and its subsidiaries on a consolidated basis to any other Person or group of affiliated Persons, unless (I) at the time and after giving effect thereto either (A) if the transaction is a merger or consolidation, the Company shall be the surviving Person of such merger or consolidation, or (B) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or to which the properties and assets of the Company or its subsidiaries, as the case may be, are sold, assigned, conveyed, transferred, leased or otherwise disposed of (any such surviving Person or transferee Person being the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall, in either case, issue preferred stock of the Surviving Entity into which the Series 1999 Preferred Stock is converted or for which it is exchanged having preferences, conversion and other rights, privileges voting powers, restrictions, limitations as to distributions, qualifications and terms or conditions or redemption thereof identical to those of the Series 1999 Preferred Stock; (II) immediately before and immediately after giving effect to such transaction or series of related transactions on a pro forma basis (and treating any indebtedness not previously an obligation of the Company or any of its subsidiaries which becomes an obligation of the Company or any of its subsidiaries in connection with or as a result of such transactions having been incurred at the time of such transaction), no default or event of default shall have occurred and be continuing under any funded indebtedness of the Company or the Surviving Entity; (III) except in the case of the consolidation or merger of any subsidiary with or into the Company, immediately after giving effect to such transaction or transactions on a pro forma basis, the consolidated net worth (as determined in accordance with GAAP) of the Company (or the Surviving Entity if the Company is not the surviving entity) is at least equal to the consolidated net worth of the Company immediately before such transaction or transactions; (IV) except in the case of the consolidation or merger of the Company with or into a subsidiary or any subsidiary with or into the Company or another subsidiary, immediately before and immediately after giving effect to such transaction or transactions on a pro forma basis (assuming that the transaction or transactions occurred on the first day of the period of four fiscal quarters ending immediately prior to the consummation of such transaction or transactions, with the appropriate adjustments with respect to the transaction or transactions being included in such pro forma calculation), the Company (or the Surviving Entity if the Company is not the surviving entity) could incur \$1.00 of additional indebtedness (other than specifically permitted indebtedness) pursuant to the provisions of the senior debt facilities of the Company; and (V) the Company (or the Surviving Entity if the Company is not the surviving entity) shall have delivered to the holders of the Series 1999 Preferred, in form and substance reasonably satisfactory to the holders of a majority of the outstanding Series 1999 Preferred Stock, (a) an officers' certificate stating that such consolidation, merger, transfer, lease or other disposition and any supplemental indenture in respect thereto comply with the requirements under this Certificate and (b) an opinion of counsel stating that the requirements of clause (I) of this paragraph have been satisfied;

(c) sell or convey all or substantially all of the assets of the Company, or dissolve or liquidate the Company;

(d) reclassify any Common Stock into shares having any preference or priority as to the payment of dividends or the distribution of assets superior to or on a parity with any such preference or priority of the Series 1999 Preferred Stock; or

(e) declare or pay any dividend, or make any distribution, or purchase, redeem or otherwise acquire for value any capital stock

or other interest in the Company now or hereafter outstanding, or make any other distribution of its assets, to the holders of any Junior Stock, unless (i) no Event of Noncompliance shall have occurred and be continuing immediately prior to and after such distributions, (ii) all accumulated dividends with respect to the Series 1999 Preferred Stock have been paid in full immediately prior to such distribution and (iii) the aggregate amount of all such distributions in any 12-month period does not exceed One Hundred Thousand Dollars (\$100,000).

7. Covenants of the Company. The failure by the Company to comply with any of the covenants set forth below, unless specifically waived in writing by holders of a majority or more of the Series 1999 Preferred Stock, shall be an Event of Noncompliance. Except as specifically set forth in Section 7.1 below, the holders of the Series 1999 Preferred Stock shall have no remedies for violation of the covenants set forth below other than (i) election of directors as provided in Section 6.2 and (ii) a right to specific performance or other equitable remedies. 7.1. Board of Directors. So long as the Series 1999 Preferred Stock shall remain outstanding, the Company shall not increase the number of directors above six, except in connection with the right of the holders of the Series A 1999 Preferred Stock to elect directors as provided in Section 6.2 above.

7.2. Dividend Payments. At least once during any 12-month period while any shares of Series 1999 Preferred Stock shall remain outstanding, the Company shall pay to the holders of shares of the Series 1999 Preferred Stock all accumulated dividends, if any, with respect to such shares, whether or not such dividends have been declared and whether or not there are any monies of the Company properly applicable to the payment of dividends.

7.3. Financial Statements. Whether or not the Company remains subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, the Company will furnish or cause to be furnished to any holder of the Series 1999 Preferred Stock:

(a) As soon as available and in any event within 105 days after the close of each fiscal year of the Company, the audited balance sheet of the Company as of the end of such fiscal year and the audited statements of operations and cash flow of the Company for such fiscal year prepared in accordance with generally accepted accounting principles which fairly present the information included therein (showing any material change in the consistency of the application of such principles from the prior period), accompanied by an opinion of a nationally recognized independent certified public accountant, together with a certificate by the President or the Chief Financial Officer of the Company certifying that no Event of Noncompliance has occurred in such year;

(b) Promptly upon the written request of any holder, a budget for the consolidated operations of the Company and its subsidiaries for the subsequent fiscal year, broken down by months, certified by the Chief Financial Officer of the Company;

(c) Promptly upon the written request of any holder, a written statement discussing the operations of the Company in such quarter and explaining any material variations in the results of such operations from the budget delivered pursuant to subparagraph (ii) above, certified by the Chief Financial Officer of the Company;

(d) As soon as available and in any event prior to 45 days after the end of each quarter of each fiscal year of the Company, the unaudited balance sheet of the Company at the end of such quarter, the unaudited statements of operations of the Company for such quarter and for the period from the beginning of the fiscal year to the close of such quarter, and unaudited statements of cash flow of the Company from the beginning of the fiscal year to the close of such quarter,

all prepared in accordance with generally accepted accounting principles which fairly present the information included therein (showing any material change in the consistency of the application of such principles from the prior quarter) and certified by the Chief Financial Officer of the Company;

(e) Promptly upon written request, any monthly financial statements prepared by the Company in the ordinary course of business of the Company;

(f) Promptly upon receipt thereof, one copy of each other report submitted to the Company by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any of its subsidiaries;

(g) Promptly upon written request, production, independent engineering and other reports; and

(h) Promptly upon the occurrence of an Event of Noncompliance and in no event later than 3 Business Days after the occurrence of such event, a certificate of the Chief Financial Officer of the Company stating that an Event of Noncompliance has occurred and specifying the material facts related to such Event of Noncompliance and steps being taken or contemplated to be taken to cure such Event of Noncompliance.

7.4. Inspection of Property. In addition to any rights of the holders of the Series 1999 Preferred Stock under applicable law to inspect the property of the Company, the Company will permit any representative designated by any holder of the Series 1999 Preferred Stock, upon reasonable notice and during normal business hours, to (i) visit and inspect any of the properties of the Company and its subsidiaries, (ii) examine the corporate and financial records of the Company and its subsidiaries and make copies thereof or extracts therefrom and (iii) discuss the affairs, finances and accounts of the Company and its subsidiaries with the directors, officers, key employees and independent accountants of the Company and its subsidiaries.

7.5. Conduct of Business. The Company shall carry on and conduct, and cause each of its subsidiaries to carry on and conduct, its business in substantially the same manner and in substantially the same fields of enterprise as it is conducted on the Closing Date; and do, and, unless merged into the Company, cause each of its subsidiaries to do, all things necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

7.6. Insurance. The Company shall maintain, and cause each of its subsidiaries to maintain, insurance with financially sound and responsible insurance carriers of the kinds, against the risks and in the relative proportions and amounts usually carried by companies engaged in similar businesses, including, without limitation, director and officer insurance in an amount and extent of coverage acceptable to all of the directors elected by the holders of the Series 1999 Preferred Stock pursuant to Section 6 above.

7.7. Maintenance of Property; Development and Maintenance. The Company shall maintain, and cause each of its subsidiaries to maintain, all of its tangible property in good condition and repair and make all necessary replacements thereof and operate the same properly and efficiently and shall develop and maintain, or cause to be developed and maintained (by the prompt payment of all royalties, delay rentals and other sums due thereunder or otherwise), the leases, wells, units and acreage constituting proven property owned or leased by the Company and its subsidiaries as of the Closing Date in a prudent manner, and as may be reasonably necessary for the prudent and economical operation of such leases, wells, units and acreage in compliance with all proration and conservation laws and all applicable rules, regulations and orders of any governmental authority.

7.8. Common Stock Reserved; Legality. The Company shall at all times reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A 1999 Preferred Stock; all of such shares of the Common Stock which are issuable to the holders of the Series 1999 Preferred Stock by way of conversion, redemption or dividend will, when issued, be duly authorized and validly issued, fully paid and nonassessable, and free from all taxes, liens and charges.

8. Conversion of Series A 1999 Preferred Stock. The Series A 1999 Preferred Stock shall be convertible as follows:

8.1. Right to Convert. Each share of the Series A 1999 Preferred Stock shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Company or any transfer agent for the Series A 1999 Preferred Stock, into the whole number of fully paid and nonassessable shares of Common Stock determined by dividing the Liquidation Amount by the Conversion Price in effect at the time of conversion, plus, in lieu of any fractional share to which such holder would otherwise be entitled, cash equal to such fraction multiplied by the Conversion Price.

8.2. Mechanics of Conversion. In order for any holder of the Series A 1999 Preferred Stock to convert the same into Common Stock, such holder shall deliver a written notice to the Company that he elects to convert all or a specified number of such shares and stating therein his name or the name or names of his nominees in which he wishes the certificate or certificates for Common Stock to be issued (the "Conversion Notice"). The holder shall also surrender to the Company at the office of the Company or of any transfer agent for the Series A 1999 Preferred Stock, the certificate or certificates representing the Series A 1999 Preferred Stock to be converted. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of the Series A 1999 Preferred Stock, or to his nominee or nominees, a certificate or certificates representing the number of shares of Common Stock to which he shall be entitled as aforesaid and, if less than the full number of shares of the Series A 1999 Preferred Stock evidenced by such surrendered certificate or certificates are being converted, a new certificate or certificates, of like tenor, for the number of shares of the Series A 1999 Preferred Stock evidenced by such surrendered certificate less the number of such shares being converted. Any conversion made at the election of a holder of the Series A 1999 Preferred Stock shall be deemed to have been made immediately prior to the close of business on the date the Conversion Notice has been received by the Company, and the Person or Persons entitled to receive the Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock on such date.

8.3. Adjustments to Conversion Price for Diluting Issues:

(a) Stock Dividends, Subdivisions and Combinations. In case at any time or from time to time the Company shall:

(1) take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a dividend payable in, or other distribution of, Nonpreferred Stock;

(2) subdivide its outstanding shares of Nonpreferred Stock into a larger number of shares of Nonpreferred Stock; or

(3) combine its outstanding shares of Nonpreferred Stock into a smaller number of shares of Nonpreferred Stock;

then the Conversion Price in effect immediately after the happening of any such event shall be proportionately decreased, in case of the happening of events described in subparagraphs (1) or (2) above, or proportionately increased, in case of the happening of events described in subparagraph (3) above.

(b) Certain Other Dividends and Distributions. In case at any time or from time to time the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive any dividend or other distribution of:

(1) cash (other than a cash distribution made as a dividend and payable out of earnings or earned surplus legally available for the payment of dividends under the laws of the jurisdiction of incorporation of the Company, to the extent, but only to the extent, that the aggregate of all such dividends paid or declared after the date hereof, does not exceed the consolidated net income, net of consolidated net losses, of the Company and its consolidated subsidiaries earned subsequent to the date hereof determined in accordance with generally accepted accounting principles);

(2) any evidence of its indebtedness (other than Convertible Securities), any shares of its stock (other than Additional Shares of Nonpreferred Stock) or any other securities or property of any nature whatsoever (other than cash and other than Convertible Securities or Additional Shares of Nonpreferred Stock); or

(3) any warrants or other rights to subscribe for or purchase any evidences of its indebtedness (other than Convertible Securities), any shares of its stock (other than Additional Shares of Nonpreferred Stock) or any other securities or property of any nature whatsoever (other than cash and other than Convertible Securities or Additional Shares of Nonpreferred Stock);

then the Conversion Price in effect shall be adjusted to that number determined by multiplying the Conversion Price then in effect by a fraction (x) the numerator of which shall be the Fair Market Price per share of Common Stock immediately prior to the date of taking such record minus the portion applicable to one share of Common Stock of any such cash so distributable and of the fair value of any and all such evidences of indebtedness, shares of stock, other securities or property, or warrants or other subscription or purchase rights, so distributable and (y) the denominator of which shall be the Fair Market Price per share of Common Stock immediately prior to the date of taking such record. Such fair value shall be determined pursuant to the Valuation Procedure. The "Valuation Procedure" is a determination of fair value of any property made in good faith by the Board of Directors; provided, that if the holders of a majority of the Series A 1999 Preferred Stock object to such determination within 10 days of receipt of written notification thereof, then the fair value of such property shall be determined in good faith by a recognized national investment bank selected by unanimous vote or consent of the Board of Directors, which investment bank is not reasonably objected to by the holders of a majority of the Series A 1999 Preferred Stock. The fees and expenses of such investment bank shall be paid by the Company. A reclassification of the Nonpreferred Stock into shares of Nonpreferred Stock and shares of any other class of stock shall be deemed a distribution by the Company to the holders of its Nonpreferred Stock of such shares of such other class of stock within the meaning of this Section 8.3(b) and, if the outstanding shares of Nonpreferred Stock shall be changed into a larger or smaller number of shares of Nonpreferred Stock as a part of such reclassification, shall be deemed a subdivision or combination, as the case may be, of the outstanding shares of Nonpreferred Stock within the meaning of Section 8.3(a).

(c) Issuance of Additional Shares of Nonpreferred Stock. In case at any time or from time to time after the Closing Date, the Company shall (except as hereinafter provided) issue, whether in connection with the merger of a corporation into the Company or otherwise, any Additional Shares of Nonpreferred Stock for a consideration per share less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(c)), then the Conversion Price shall be adjusted to the lower of either:

(i) that number determined by multiplying the Conversion Price in effect immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Nonpreferred Stock, plus the number of shares of Nonpreferred Stock which the aggregate consideration for the total number of such Additional Shares of Nonpreferred Stock so issued would purchase at the Fair Market Price per share of Common Stock and (y) the denominator of which shall be the number of shares of Nonpreferred Stock plus the number of such Additional Shares of Nonpreferred Stock so issued; or

(ii) the value of the consideration per share for which such Additional Shares of Nonpreferred Stock were issued (or, in the case of adjustments under Sections 8.3(d) or 8.3(e), are issuable).

No adjustment of the Conversion Price shall be made under this Section 8.3(c) upon the issuance of any Additional Shares of Nonpreferred Stock which are issued pursuant to the exercise of any warrants or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Convertible Securities, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights or upon the issuance of such Convertible Securities (or upon the issuance of any warrant or other rights therefor) pursuant to Section 8.3(d) or 8.3(e). For purposes of this Section 8.3(c), the Computation Date shall be the earlier of (i) the date on which the Company shall enter into a firm contract for the issuance of such Additional Shares of Nonpreferred Stock, or (ii) the date of actual issuance of such Additional Shares of Nonpreferred Stock.

(d) Issuance of Warrants, Options or Other Rights. In case at any time or from time to time after the Closing Date, the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a distribution of, or shall otherwise issue, any warrants, options or other rights to subscribe for or purchase any Additional Shares of Nonpreferred Stock or any Convertible Securities and the consideration per share for which Additional Shares of Nonpreferred Stock may at any time thereafter be issuable pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities shall be less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(d)), then the Conversion Price shall be adjusted as provided in Section 8.3(c). Such adjustment shall be made on the basis that (i) the maximum number of Additional Shares of Nonpreferred Stock issuable pursuant to all such warrants, options or other rights or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of the Computation Date (determined as set forth in the last sentence of this Section 8.3(d)), and (ii) the aggregate consideration for such maximum number of Additional Shares of Nonpreferred Stock shall be deemed to be the minimum consideration received and receivable by the Company for the issuance of such Additional Shares of Nonpreferred Stock pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities. For purposes of this Section 8.3(d), the Computation Date shall be the earliest to occur of (a) the date on which the Company shall take a record of the holders

of its Nonpreferred Stock for the purpose of entitling them to receive any such warrants, options or other rights, (b) the date on which the Company shall enter into a firm contract for the issuance of such warrants, options or other rights, and (c) the date of actual issuance of such warrants, options or other rights.

(e) Issuance of Convertible Securities. In case at any time or from time to time after the Closing Date, the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a distribution of, or shall otherwise issue, any Convertible Securities and the consideration per share for which Additional Shares of Nonpreferred Stock may at any time thereafter be issuable pursuant to the terms of such Convertible Securities shall be less than either the Conversion Price or the Fair Market Price per share of Common Stock on the Computation Date (determined as set forth in the last sentence of this Section 8.3(e)), then the Conversion Price shall be adjusted as provided in Section 8.3(c). Such adjustments shall be made on the basis that (i) the maximum number of Additional Shares of Nonpreferred Stock necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued as of the Computation Date (determined as set forth in the penultimate sentence of this Section 8.3(e)), and (ii) the aggregate consideration for such maximum number of Additional Shares of Nonpreferred Stock shall be deemed to be the minimum consideration received and receivable by the Company for the issuance of such Additional Shares of Nonpreferred Stock pursuant to the terms of such Convertible Securities. No adjustment of the Conversion Price shall be made under this Section 8.3(e) upon the issuance of any Convertible Securities which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if any such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 8.3(d). For purposes of this Subsection, the Computation Date shall be the earliest of (a) the date on which the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive any such Convertible Securities, (b) the date on which the Company shall enter into a firm contract for the issuance of such Convertible Securities, and (c) the date of actual issuance of such Convertible Securities.

(f) Superseding Adjustment of Conversion Price. If, at any time after any adjustment of the Conversion Price shall have been made pursuant to the foregoing Section 8.3(d) or 8.3(e) on the basis of the issuance of warrants or other rights or the issuance of other Convertible Securities, or after any new adjustment of the Conversion Price shall have been made pursuant to this Section 8.3(f):

(1) all of such warrants, options or rights or the right of conversion or exchange in such other Convertible Securities shall expire, and none of such warrants, options or rights, or the right of conversion or exchange in respect of such other Convertible Securities, as the case may be, shall have been exercised; or

(2) the consideration per share, for which Additional Shares of Nonpreferred Stock are issuable pursuant to all of such warrants, options or rights or the terms of all of such other Convertible Securities, shall be increased solely by virtue of provisions therein contained for an automatic increase in such consideration per share upon the arrival of a specified date or the happening of a specified event, and none of such warrants, options or rights, or the right of conversion or exchange in respect of such other Convertible Securities, as the case may be, shall have been exercised;

such previous adjustment shall be rescinded and annulled and the Additional Shares of Nonpreferred Stock which were deemed to have been issued by virtue of the computation made in connection with the adjustment so rescinded and annulled shall no longer be deemed to have

been issued by virtue of such computation. Thereupon, a recomputation shall be made of the effect of such warrants, rights or options or other Convertible Securities on the basis of treating any such warrants, options or rights or any such other Convertible Securities which then remain outstanding as having been granted or issued immediately after the time of such increase of the consideration per share for such Additional Shares of Nonpreferred Stock are issuable under such warrants or rights or other Convertible Securities; and, if and to the extent called for by the foregoing provisions of this Section 8.3 on the basis aforesaid, a new adjustment of the Conversion Price shall be made, which new adjustment shall supersede the previous adjustment so rescinded and annulled.

(g) Other Provisions Applicable to Adjustments Under this Section. The following provisions shall be applicable to the making of adjustments of the Conversion Price hereinbefore provided for in this Section 8.3:

(1) Treasury Stock. The sale or other disposition of any issued shares of Nonpreferred Stock owned or held by or for the account of the Company shall be deemed an issuance thereof for purposes of this Section 8.3.

(2) Computation of Consideration. To the extent that any Additional Shares of Nonpreferred Stock or any Convertible Securities or any warrants, options or other rights to subscribe for or purchase any Additional Shares of Nonpreferred Stock or any Convertible Securities shall be issued solely for cash consideration, the consideration received by the Company therefor shall be deemed to be the amount of cash received by the Company therefor, or, if such Additional Shares of Nonpreferred Stock or Convertible Securities are offered by the Company for subscription, the subscription price, or, if such Additional Shares of Nonpreferred Stock or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any compensation, discounts or expenses paid or incurred by the Company for and in the underwriting of, or otherwise in connection with, the issue thereof. The consideration for any Additional Shares of Nonpreferred Stock issuable pursuant to any warrants, options or other rights to subscribe for or purchase the same shall be the consideration received or receivable by the Company for issuing such warrant, options or other rights, plus the additional consideration payable to the Company upon the exercise of such warrants, options or other rights. The consideration for any Additional Shares of Nonpreferred Stock issuable pursuant to the terms of any Convertible Securities shall be the consideration received or receivable by the Company for issuing any warrants or other rights to subscribe for or purchase such Convertible Securities, plus the consideration paid or payable to the Company in respect of the subscription for or purchase of such Convertible Securities, plus the additional consideration, if any, payable to the Company upon the exercise of the right of conversion or exchange in such Convertible Securities. To the extent that any issuance shall be for a consideration other than solely for cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as determined pursuant to the Valuation Procedure.

(3) When Adjustments to be Made. The adjustments required by the preceding subsections of this Section 8.3 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Conversion Price that would otherwise be required shall be made (except in the case of a subdivision or combination of shares of the Nonpreferred Stock as provided for in Section 8.3(a)) unless and until such adjustment, either by itself or with other adjustments not

previously made, adds or subtracts at least five cents (\$0.05) to the Conversion Price, as determined in good faith by the Board of Directors of the Company. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 8.3 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(4) Fractional Interests. In computing adjustments under this Section 8.3, fractional interests in Nonpreferred Stock shall be taken into account to the nearest one-thousandth of a share.

(5) When Adjustment Not Required. If the Company shall take a record of the holders of its Nonpreferred Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights and shall, thereafter and before the distribution thereof to shareholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(h) Merger, Consolidation or Disposition of Assets. In case the Company shall merge or consolidate into another corporation, or shall sell, transfer or otherwise dispose of all or substantially all of its property, assets or business to another corporation and pursuant to the terms of such merger, consolidation or disposition, shares of common stock of the successor or acquiring corporation are to be received by or distributed to the holders of Nonpreferred Stock of the Company, then each holder of a share of the Series A 1999 Preferred Stock shall have the right thereafter to receive, upon exercise of such share of the Series A 1999 Preferred Stock, shares of common stock each comprising the number of shares of common stock of the successor or acquiring corporation receivable upon or as a result of such merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock into which one share of the Series A 1999 Preferred Stock could be converted immediately prior to such event. If, pursuant to the terms of such merger, consolidation or disposition of assets, any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) are to be received by or distributed to the holders of Nonpreferred Stock of the Company in addition to common stock of the successor or acquiring corporation, then the Conversion Price in effect shall be adjusted to that number determined by multiplying the Conversion Price then in effect by a fraction (x) the numerator of which shall be the Fair Market Price per share of Common Stock immediately prior to the closing of such merger, consolidation or disposition minus the portion applicable to one share of Common Stock of any such cash so distributable and of the fair value of any such shares of stock or other securities or property so received or distributed and (y) the denominator of which shall be the Fair Market Price per share of Common Stock immediately prior to the closing of such merger, consolidation or disposition. The fair value of any such shares of stock or other securities or property shall be determined pursuant to the Valuation Procedure. In case of any such merger, consolidation or disposition of assets, the successor acquiring corporation shall expressly assume the due and punctual observance and performance of each and every covenant and condition hereof to be performed and observed by the Company and all of the obligations and liabilities hereunder, subject to such modification as shall be necessary to provide for adjustments to the Conversion Price which shall be as nearly equivalent as practicable to the adjustments provided for in this Section. For the purposes of this Section, "common stock of the successor or acquiring corporation" shall include

stock of such corporation of any class, which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption, and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event, and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 8.3(h) shall similarly apply to successive mergers, consolidations or dispositions of assets.

(i) Other Action Affecting Nonpreferred Stock. In case at any time or from time to time the Company shall take any action affecting its Nonpreferred Stock, other than an action described in any of the foregoing Sections 8.3(a) through (h), inclusive, then, unless in the opinion of the Board of Directors such action will not have a materially adverse effect upon the rights of the holders of the Series A 1999 Preferred Stock, the Conversion Price shall be adjusted in such manner and at such time as the Board of Directors may in good faith determine to be equitable in the circumstances.

8.4. No Impairment. Other than in connection with the amendment of its Articles of Incorporation approved by the requisite number of stockholders, the Company will not, through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of this Section 8 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A 1999 Preferred Stock against impairment. Without limiting the generality of the foregoing, the Company (i) will not permit the par value of any shares of stock at the time receivable upon the conversion of the Series A 1999 Preferred Stock to exceed the Conversion Price then in effect, (ii) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid nonassessable shares of stock on the conversion of the Series A 1999 Preferred Stock, and (iii) will not issue any Additional Shares of Nonpreferred Stock or Convertible Securities or take any action which results in any adjustment of the Conversion Price if the total number of shares of Common Stock issuable after such issuance or action upon the conversion or redemption of, or payment of all outstanding dividends on, all of the then outstanding shares of Series A 1999 Preferred Stock will exceed the total number of shares of Common Stock then authorized by the Company's Articles of Incorporation and available for the purpose of issue upon such conversion or redemption or payment of such dividend.

8.5. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 8, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the Series A 1999 Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or to be received by the Company for any Additional Shares of Nonpreferred Stock issued or sold or deemed to have been issued, (ii) the number of shares of Nonpreferred Stock outstanding or deemed to be outstanding, and (iii) the Conversion Price in effect immediately prior to such issue or sale and as adjusted and readjusted on account thereof, showing how it was calculated. The Company shall, upon the written request at any time of any holder of the Series A 1999 Preferred Stock furnish or cause to be furnished to such holder a like certificate setting forth (i) the Conversion Price at the time in effect, showing how it was calculated, and (ii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Series A 1999 Preferred Stock.

8.6. Notices of Record Date. In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of

determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, the Company shall mail to each holder of the Series A 1999 Preferred Stock at least ten days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend or distribution.

8.7 Conversion Option. The Company will have the option, at any time, to convert the Series A 1999 Preferred Stock, on the same terms and conditions set forth herein, to convertible subordinated debt of the Company, provided that all of the following conditions are satisfied: (i) the Company shall have delivered to the holders thereof all necessary approvals, subordination agreements and other documentation, in form and substance satisfactory to the holders of the Series A 1999 Preferred Stock in their sole and absolute discretion, required in connection with such conversion (which will provide for an increase in the number of demand registrations, the reasonable costs and expenses of which shall be payable by the Company, to a number acceptable to the holders of the Series A 1999 Preferred Stock in their sole and absolute discretion) and (ii) the holders thereof shall have received an opinion of counsel to the Company (a) that such conversion neither breaches nor violates any existing agreement to which the Company is a party or any other obligation of the Company, (b) such conversion shall not cause an adjustment in the conversion price, option price or exercise price in any convertible security issued by the Company, and (c) such other matters as the holders of the Series A 1999 Preferred Stock may request.

9. Conversion of Series B 1999 Preferred Stock. The Series B 1999 Preferred Stock shall be convertible as follows:

9.1 Mandatory Conversion. The Series B 1999 Preferred Stock shall be converted, in whole but not in part, into Series A 1999 Preferred Stock upon resolution of the Board of Directors of the Company on a share-for-share basis, as such number of shares of Series A 1999 Preferred Stock may be proportionally increased or decreased upon the occurrence of an event set forth in Section 8.3 above; provided, that all accumulated, unpaid dividends on the Series B 1999 Preferred Stock are paid concurrently with the conversion of the Series B 1999 Preferred Stock into Series A 1999 Preferred Stock.

9.2 Mechanics of Conversion. In order for the Company to convert the Series B 1999 Preferred Stock into Series A 1999 Preferred Stock, the Company shall deliver a written notice to all of the holders of Series B Preferred Stock that it elects to convert all such shares of Series B 1999 Preferred Stock into Series A 1999 Preferred Stock. The Company shall also issue and deliver to each holder of the Series B 1999 Preferred Stock, or to his nominee or nominees, a certificate or certificates representing the number of shares of Series A 1999 Preferred Stock to which he shall be entitled as aforesaid. Each holder of Series B 1999 Preferred Stock shall, as soon as practicable thereafter, surrender to the Company at the office of the Company or of any transfer agent for the Series B 1999 Preferred Stock, the certificate or certificates representing the Series B 1999 Preferred Stock that have been converted. Any conversion made at the election of the Company shall be deemed to have been made immediately prior to the close of business on the date the Company delivers a certificate or certificate representing the number of shares of Series A 1999 Preferred Stock to which the each holder is entitled, and the Person or Persons entitled to receive the Series A 1999 Preferred Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such Series A 1999 Preferred Stock on such date.

IN WITNESS WHEREOF, COMSTOCK RESOURCES, INC. has caused its corporate seal to be hereunto affixed and this certificate to be signed by M. Jay Allison, its President, and Roland O. Burns, its Secretary, this 26th day of April, 1999.

By /s/ M. JAY ALLISON

M. Jay Allison
President

By /s/ ROLAND O. BURNS

Roland O. Burns
Secretary

FIFTH AMENDMENT TO RIGHTS AGREEMENT

This Fifth Amendment is entered into and is effective as of April 29, 1999 by and between Comstock Resources, Inc. (the "Company") and American Stock Transfer & Trust Company, as successor Rights Agent (the "Rights Agent"), with respect to that certain Rights Agreement dated as of December 10, 1990, as amended, a copy of which is attached hereto as Exhibit "A" (the "Rights Agreement").

RIGHTS

A. The Company intends to issue and sell to certain investors (together with their successors, the "1999 Preferred Holders") an aggregate of 3,000,000 shares of its Series A 1999 Convertible Preferred Stock and an aggregate of 1,051,999 shares of its Series B 1999 Non-Convertible Preferred Stock (the Series A 1999 Convertible Preferred Stock and the Series B 1999 Non-Convertible Preferred Stock are collectively referred to hereafter as the "Series 1999 Preferred Stock") pursuant to the terms of a Stock Purchase Agreement dated as of April 29, 1999 between the Company, Trust Company of the West and TCW Asset Management Company in the capacities set forth therein, Pacific Life Insurance Company and Aquila Energy Capital Corporation (the "Stock Purchase Agreement"). Capitalized terms used herein but not otherwise defined herein shall have meaning ascribed thereto in the Rights Agreement as in effect on the date hereof.

B. Pursuant to the Certificate of Designation for the Series 1999 Preferred Stock, the Company may also issue in connection with a redemption of some of the Series 1999 Preferred Stock certain Stock Appreciation Rights ("SAR's").

C. As a condition to their purchase of the shares of Series 1999 Preferred Stock, the 1999 Preferred Holders have required that the Rights Agreement be amended to exclude, under certain conditions, the Series 1999 Preferred Stock, the Common Stock issued by way of conversion or redemption of, or payment of any dividend on the Series 1999 Preferred Stock or in satisfaction of amounts owing under the SAR's (collectively, the "Conversion Shares"), the 1999 Preferred Holders and certain other Persons from certain provisions of the Rights Agreement.

D. The Company has determined that the offer and sale of the shares of Series 1999 Preferred Stock are in the best interest of the Company and all of its stockholders, and is therefore willing to so amend the Rights Agreement.

AGREEMENT

NOW, THEREFORE, pursuant to Section 27 of the Rights Agreement, the Company hereby supplements and amends, and directs the Rights Agent to supplement and amend, the Rights Agreement as follows:

1. Acquiring Person and Adverse Person

1.1 Notwithstanding any provision of the Rights Agreement which could be construed to the contrary, all shares of Series 1999 Preferred Stock, all SAR's and all Conversion Shares held by:

(a) any 1999 Preferred Holder;

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(b) any Affiliate, fund participant, trust beneficiary, or limited partner of any 1999 Preferred Holder;

(c) any party to any investment management or other similar agreement with Trust Company of the West, a California trust company ("Trustco") or TCW Asset Management Company, a California corporation ("Tamco"), listed in the definition of "TCW" in the Stock Purchase Agreement or any fund, foundation, trust or other Person for whose benefit any such agreement with Trustco or Tamco relates or any trustee, custodian or nominee of or for any such Person; and

(d) any Person (including any "group" as defined in the

Exchange Act) who acquires all shares of Series 1999 Preferred Stock or Conversion Shares then held by any of the Persons described in clauses (a), (b) or (c) above, directly from such Person (provided that the transferor of such shares shall have, prior to such transfer, given the Company the right of first offer described in Section 1.2 below).

shall be excluded from any calculation made for the purpose of determining whether the holder of such shares is an "Acquiring Person" or an "Adverse Person" for any purpose under the Rights Agreement.

1.2 No transferee of any shares of Series 1999 Preferred Stock or Conversion Shares shall be entitled to the exclusions set forth in Section 1.1 unless (i) at least fifteen (15) business days prior to any such transfer the transferor of such shares shall have delivered a written notice to the Company offering to sell such shares to the Company or its designee for cash at the same price and on the same terms as offered to the proposed transferee and (ii) the Company or its designee shall have failed to accept such offer within seven (7) business days of the Company's receipt thereof and to close such sale and purchase on the scheduled closing date set forth in the terms offered.

2. Miscellaneous

2.1 Subject to the terms set forth herein, the Rights Agreement shall remain in full force and effect.

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

This Fifth Amendment to Rights Agreement is hereby executed as of the date first above written.

Attest:

COMSTOCK RESOURCES, INC.,
a Nevada corporation

By: /s/ ROLAND O. BURNS

By: /s/ M. JAY ALLISON

Roland O. Burns
Secretary

M. Jay Allison
President and Chief Executive Officer

AMERICAN STOCK TRANSFER
& TRUST COMPANY,
as Rights Agent

By: /s/ HERBERT J. LEMMER

Herbert J. Lemmer
Vice President and General Counsel

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT dated as of April 29, 1999 between Comstock Resources, Inc., a Nevada corporation (the "Company"), and TCW DEBT AND ROYALTY FUND VI, L.P., a California limited partnership ("Fund VI"); TCW DEBT AND ROYALTY FUND VIB, L.P., a California limited partnership ("Fund VIB"); TRUST COMPANY OF THE WEST, a California trust company ("Trustco"), in its capacity as Investment Manager pursuant to the Investment Management Agreement dated as of June 6, 1988 between General Mills, Inc. and Trustco and as Custodian pursuant to the Custody Agreement dated as of February 6, 1989 among General Mills, Inc., Trustco and State Street Bank and Trust Company, as trustee; TCW ASSET MANAGEMENT COMPANY, a California corporation ("Tamco"), as Investment Manager pursuant to the Investment Management Agreement dated as of July 7, 1997 between Morgan Stanley Asset Management Inc. as Fiduciary Advisor on behalf of, inter alia, Eugenia III Investment Holdings Limited and Tamco as amended by amendment dated as of October 15, 1998 between Bessemer Trust Company, N.A., in the capacity discussed therein, and Tamco; Tamco, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of May 19, 1997 between Allmerica Asset Management, Inc. as agent for First Allmerica Financial Life Insurance Company, Tamco and Trustco; Tamco as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of October 27, 1997 between University of Chicago, Tamco and Trustco; Tamco, as Investment Manager pursuant to the Investment Management and Custodian Agreement dated as of October 27, 1997 between University of Notre Dame du Lac, Tamco and Trustco; Tamco, as Investment Manager dated as of October 24, 1997 between William N. Pennington Separate Property Trust dated January 1, 1991, Tamco and Trustco; Tamco, as Investment Manager pursuant to the Investment Management Agreement dated as of October 27, 1997 between Delta Air Lines, Inc., Tamco and Trustco; Pacific Life Insurance Company, a California stock insurer ("Pacific"); and Aquila Energy Capital Corporation, a Delaware corporation ("Aquila"). (Trustco and Tamco, in the respective capacities designated above, Fund VI and Fund VIB are hereinafter collectively referred to as "TCW"; TCW, Pacific and Aquila are hereinafter collectively referred to as "Purchasers"). In consideration of the mutual promises, representations, warranties, covenants, conditions and agreements contained herein, the parties hereto, intending to be legally bound by the terms hereof, agree as follows:

TCW, on behalf of each of the TCW related parties set forth on Schedule A hereto (together with their successors and assigns, the "TCW Holders"), Pacific (together with its successors and assigns, the "Pacific Holders"), and Aquila (together with its successors and assigns, the "Aquila Holders"), collectively with the TCW Holders and the Pacific Holders, the "Holders") hereby subscribe for an aggregate of 1,948,001 shares of the Company's Series A 1999 Convertible Preferred Stock and 1,051,999 shares of Series B 1999 Non-Convertible Preferred Stock (the "Series B Preferred Shares"), \$10.00 par value per share (collectively, the "Preferred Stock"), at a purchase price of \$10.00 per share, with the rights, restrictions, preferences and privileges as stated in the Certificate of Designation with respect to the Preferred Stock attached hereto as Exhibit A (the "Certificate of Designation") and as provided by law. As used herein, "Series A Preferred Shares" shall mean the shares of the Company's Series A 1999 Convertible Preferred Stock subscribed to by Purchasers on behalf of the parties set forth on Schedule A attached hereto and such shares of the Company's Series A 1999 Convertible Preferred, if any, as shall be issued by the Company in exchange for the Series B Preferred Shares in the event that the Company converts the Series B Preferred Shares pursuant to the terms of the Certificate of Designation and Articles of Incorporation of the Company (the "Series B Conversion Shares") and "Preferred Shares" shall mean the Series A Preferred Shares and the Series B Preferred Shares collectively. The Series A Preferred Shares are convertible into, and the Preferred Shares are redeemable for, and dividends on the Preferred Shares may be payable in, shares of the Company's common stock, \$0.50 par value per share (the "Common Stock"), as stated in the Certificate of Designation. Accordingly, the parties hereto agree as follows:

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SECTION 1. DEFINITIONS

As used herein, the following terms shall have the following meanings.

"Actual Directors" shall have the meaning set forth in Section 5.8.

"Affiliate" shall mean, with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, with respect to any fund or trust, any Person which is a participant in or beneficiary of such fund or trust. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing provisions of this definition in no event shall any Holder (or any Affiliate thereof) be deemed to be an Affiliate of the Company.

"Articles of Incorporation" shall mean the Restated Articles of Incorporation of the Company, as amended and in effect on the date hereof and as at any time hereafter amended or otherwise modified.

"Available Director Seats" shall have the meaning set forth in Section 5.8.

"Commission" shall mean the Securities and Exchange Commission or any other similar or successor agency of the federal government administering the Securities Act.

"Common Shares" means the Dividend Shares and the Conversion Shares.

"Controlling Person" shall have the meaning defined in Section 4.8.

"Conversion Shares" shall mean the shares of Common Stock into which the Series A Preferred Shares are convertible or converted at the option of the Holders.

"Dividend Shares" shall mean the shares of Common Stock for which the Preferred Shares are redeemed or in which dividends on the Preferred Shares are paid.

"Indemnitee" and "Indemnitor" shall have the meanings defined in Section 4.8.

"Permitted Transferee" shall have the meaning set forth in the introductory paragraph of Section 4 hereof.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization or government or agency or political subdivision thereof.

"Piggy Back Right" shall have the meaning defined in Section 4.3.

"Requisite Holders" shall mean the holders of Preferred Shares and Conversion Shares representing at least 80% of the Conversion Shares.

"Restricted Certificate" shall mean a certificate for Preferred Shares or Conversion Shares bearing the restrictive legend set forth in Section 4.1.

"Restricted Securities" shall mean Preferred Shares or Conversion Shares evidenced by a Restricted Certificate and the Dividend Shares.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Shelf Registration Statement" shall have the meaning set forth in Section 4.5.

"Seller" shall mean a holder of Restricted Securities for which the Company shall be required to file a registration statement or which shall be registered under the Securities Act pursuant to any of the provisions of Section 4. Neither the Company nor any Affiliate of the Company shall be deemed a "Seller" for any purposes of this Agreement.

"Transfer" shall mean any sale, transfer or other disposition of any Restricted Securities, or of any interest in any thereof, which would constitute an offer or sale thereof within the meaning of the Securities Act.

SECTION 2. PURCHASE AND SALE OF SECURITIES

2.1. Authorization and Issuance of Preferred Shares and Conversion Shares. The Company has authorized: (a) the issue of one or more certificates for issuance to the Holders pursuant to this Agreement, and (b) the issue of such number of Conversion Shares, Series B Conversion Shares and Dividend Shares as will permit the compliance by the Company with its obligations to issue Conversion Shares or at its option to issue Series B Conversion Shares and Dividend Shares pursuant to the Articles of Incorporation and Certificate of Designation.

2.2. The Closing. Subject to the conditions set forth in Section 3.1.7, the Company hereby agrees to issue to each Holder, and each Holder hereby agrees to purchase, the number of shares of Preferred Stock set out opposite such Holder's name on Schedule A attached hereto, at a purchase price of \$10.00 per share. The Company will deliver to each Holder certificates for such number of Preferred Shares, registered in the name of such Holder, except that, if any such Holder shall notify the Company in writing prior to such issuance that it desires certificates for Preferred Shares to be issued in other denominations or registered in the name or names of any Person or Persons referred to in the proviso at the end of the first sentence of Section 4 or any nominee or nominees for its or their benefit, then the certificates for Preferred Shares shall be issued to such Holder in the denominations and registered in the name or names specified in such notice.

2.3. Purchase for Holder's Account. Each Holder represents and warrants to the Company that such Holder is purchasing and will purchase the Preferred Shares as of the date hereof solely for investment purposes, for its own account, with no present intention of distributing or reselling the Preferred Shares, the Conversion Shares or the Dividend Shares or any part thereof in violation of applicable securities laws, and that such Holder is prepared to bear the economic risk of retaining the Preferred Shares, the Conversion Shares and the Dividend Shares for an indefinite period, all without prejudice, however, to the right of such Holder at any time, in accordance with this Agreement, lawfully to sell or otherwise dispose of all or any part of the Preferred Shares, the Conversion Shares or the Dividend Shares held by it. It is understood that, in making the representations set forth in Section 3.1, 3.2 and 3.3, the Company is relying, to the extent applicable, upon the representations and warranties of each such Holder. Each Holder represents and warrants that it is an accredited investor, as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act.

2.4. Compliance. Further in reliance upon the representations and warranties of each Holder in Section 2.3, the Company has not registered the Preferred Shares, the Dividend Shares or the Conversion Shares under the Securities Act and each Holder agrees that none of the Preferred Shares, the Dividend Shares or the Conversion Shares will be sold or offered for sale without registration under said Act or the availability of an exemption therefrom or if said Act is not applicable, all as more fully provided in Section 4, nor in violation of any other law of the United States of America or any state.

2.5. Expenses. Whether or not the Preferred Shares are sold to any Holder, the Company will pay all costs and expenses incurred by the Holders (a) relating to the negotiation, execution and delivery of this Agreement and the issuance of the Preferred Shares (including, without limitation, reasonable fees, office charges and expenses of Milbank, Tweed, Hadley & McCloy, counsel to certain of the Holders and \$25,000 to TCW for its other out-of-pocket costs), (b) provided for in Sections 4.7, 4.8, 5.1 and 5.2, (c) relating to printing the instruments evidencing the Preferred Shares or the Common Shares, (d) expenses relating to any amendments, waivers or consents under this Agreement and (e) incident to the enforcement by any Holder of, or the protection or preservation of any right or remedy of any Holder under, this Agreement, the Articles of Incorporation or any other agreement furnished pursuant hereto or thereto or in connection herewith or therewith (including, without limitation, fees and expenses of counsel). The Company shall pay such costs and expenses, to the extent then payable, on the date of issuance of the Preferred Shares and thereafter from time to time upon demand by any Holder against presentation, in each such case, of a statement thereof.

2.6. Conversion Option. The Company will have the option, at any time, to convert the Preferred Shares, on the same terms and conditions set forth herein, to convertible subordinated debt of the Company, provided that all of the following conditions are satisfied: (i) the Company shall have delivered to the Holders all necessary approvals, subordination agreements and other documentation, in form and substance satisfactory to Purchasers in their sole and absolute discretion, required in connection with such conversion (which will provide for an increase in the number of demand registrations, the reasonable costs and expenses of which shall be payable by the Company, to a number acceptable to Purchasers in their sole and absolute discretion) and (ii) the Holders shall have received an opinion of counsel to the Company (a) that such conversion neither breaches nor violates any existing agreement to which the Company is a party or any other obligation of the Company, (b) such conversion shall not cause an adjustment in the conversion price, option price or exercise price in any convertible security issued by the Company, and (c) such other matters as Purchasers may request.

SECTION 3. WARRANTIES, REPRESENTATIONS AND COVENANTS OF THE COMPANY

The Company hereby represents, warrants and covenants to each Holder that as of the date of the Company's execution of this Agreement:

3.1. Sale is Legal, etc.

3.1.1. Upon the issuance of the Preferred Shares under this Agreement, the total number of shares of capital stock which the Company has authority to issue is 55,000,000 shares, consisting of 50,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock. The Company has the power and authority and has taken all actions (corporate or other) necessary to authorize it to enter into and perform its obligations and undertakings under this Agreement. Immediately prior to the issuance of the Preferred Shares under this Agreement, 24,350,452 shares of Common Stock will be issued and outstanding. Upon the issuance of the Preferred Shares under this Agreement, the Company does not have outstanding any stock or securities convertible into or exchangeable for any shares of capital stock nor does it have outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, any capital stock or stock or securities convertible into or exchangeable for any capital stock other than (i) the Preferred Shares to be issued pursuant to this Agreement, and (ii) options and warrants to purchase an aggregate of 5,111,030 shares of Common Stock as set forth on Schedule 3.1.1 hereto.

3.1.2. The Preferred Shares will, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges.

3.1.3. The Company will at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of the conversion of the Series A Preferred Shares, such number of Conversion Shares issuable upon the conversion of all outstanding Series A Preferred Shares. All Conversion Shares, Series B Conversion Shares and Dividend Shares will, when issued, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges. The Company will take all such actions as may be necessary to assure that all Conversion Shares, Series B Conversion Shares and Dividend Shares may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange or national market upon which the Conversion Shares and Dividend Shares may be listed.

3.1.4. None of the execution and delivery of this Agreement, or the issue and sale of the Preferred Shares, the Conversion Shares and the Dividend Shares, or the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the Articles of Incorporation of the Company, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency (other than filings which will be made by the Company as required by applicable state securities laws), or any agreement or instrument to which the Company is a party or by which it is bound or to which it is subject, or constitute a default under any such agreement or instrument, or result in the creation or imposition of any lien upon any of the revenues or assets of the Company pursuant to the terms of any such agreement or instrument.

3.1.5. There is not in effect on the date hereof any agreement by the Company (other than this Agreement) pursuant to which any holders of securities of the Company have a right to cause the Company to register such securities under the Securities Act other than as set forth on Schedule 3.1.5 hereto.

3.1.6. The Company is a corporation duly organized and validly existing in good standing under the laws of the State of Nevada and has the corporate power and authority to execute and deliver this Agreement, the Preferred Shares, the Conversion Shares and the Dividend Shares and to perform the terms hereof and thereof. The Company has taken all action necessary to authorize the execution, delivery and performance of this Agreement, the issuance of the Preferred Shares, the Conversion Shares and the Dividend Shares. This Agreement has been duly authorized and executed and constitutes the legal,

valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3.1.7. As a condition to the obligations of the Holders hereunder and prior to the issuance of the Preferred Shares subscribed for by Purchasers on behalf of the parties to this Agreement listed on Schedule A, the Company shall have delivered to the Holders (in form and substance satisfactory to Holders and their counsel):

(a) a certificate, dated the date hereof, of the Secretary or an Assistant Secretary of the Company, (A) attaching a true and complete copy of the resolutions of the Board of Directors of the Company, and of all documents evidencing other necessary corporate or shareholder action (in form and substance satisfactory to the Holders and to their counsel) taken by the Company in connection with the matters contemplated by this Agreement, (B) attaching a true and complete copy of the Articles of Incorporation and by-laws of the Company and each of its subsidiaries and (C) setting forth the incumbency of the officer or officers of the Company who sign this Agreement, any document delivered by the Company pursuant hereto and each certificate for the Preferred Shares, including therein a signature specimen of such officer or officers;

(b) certificates of good standing (including tax status, if applicable) of the Company and each of its subsidiaries under the laws of their respective states of incorporation and as foreign corporations in every state in which they own property or conduct business;

(c) an opinion of Locke Liddell & Sapp LLP in the form attached hereto as Exhibit B;

(d) a copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, which report shall contain audited financial statements of the Company for such fiscal year prepared in accordance with generally accepted accounting principles which fairly present the information included therein, accompanied by an opinion of the Company's certified public accountants;

(e) such other documents and evidence relating to the matters contemplated by this Agreement as the Holders or their counsel shall reasonably require, including without limitation, evidence that (i) the Company has sufficient authorized and reserved shares of Common Stock on the date hereof to meet the Company's obligations herein and in the Certificate of Designation and (ii) the Rights Agreement between the Company and American Stock Transfer and Trust Company, as successor Rights Agent, dated December 10, 1990, as the same may be amended from time to time (the "Rights Agreement"), has been amended to exclude the Preferred Shares, the Conversion Shares, the Dividend Shares and the Holders thereof, under certain circumstances, from the definitions of "Acquiring Person" or "Adverse Person" under such Rights Agreement;

(f) a fully executed copy of the Credit Agreement, substantially in the form of Exhibit D attached hereto (the "Credit Agreement"), dated as of April 29, 1999, between, on the one hand, the Company and certain of its subsidiaries, and, on the other hand, the banks party thereto, The First National Bank of Chicago, as administrative agent, and Toronto Dominion (Texas), Inc., as syndication agent (as amended, the "Credit Agreement") and such other documents delivered pursuant thereto as requested by the Purchasers; and

(g) evidence that the Company has consummated the sale of \$150,000,000 of the Company's senior unsecured notes on the terms set forth in Exhibit E attached hereto (the "Notes").

3.2. Governmental Consent. Other than filings required by applicable state securities laws which shall be made by the Company, neither the nature of the Company or of any its subsidiaries, or of any of their respective businesses or properties, nor any relationship between the Company or any subsidiary and any other Person, nor (except as expressly provided for in this Agreement) any circumstance in connection with the offer, issue or sale of the Preferred Shares, the Conversion Shares and the Dividend Shares is such as to require consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Company as a condition to the execution and delivery of this Agreement or the execution and filing of the Certificate of Designation or any amendment of the Articles of Incorporation required in connection with the authorization, offer, sale and/or issuance of the Preferred Shares, the Conversion Shares or the Dividend Shares.

3.3. Private Offering. Neither the Company nor any other Person acting on behalf of the Company has offered any of the Preferred Shares or any similar securities of the Company for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with any prospective purchasers who are not accredited investors, as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Company agrees that neither the Company nor anyone acting on its behalf has offered or will offer the Preferred Shares or any part thereof or any similar securities for issue or sale to, or has solicited or will solicit any offer to acquire any of the same from, anyone so as to bring the issuance and sale of the Preferred Shares within the provisions of Section 5 of the Securities Act. Based in part on the representations of the Holders set forth herein, the offer, sale and issuance of the Preferred Shares in conformity with the terms of this Agreement are exempt from the registration requirements of the Securities Act and any applicable state securities laws.

3.4. Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement or the Company's right to enter into this Agreement, or to consummate the transactions contemplated hereby or which, if decided in a manner adverse to the Company, would have a material adverse effect on the Company or on any of its subsidiaries or the ability of the Company to consummate the transactions contemplated hereby.

3.5. No Material Misstatements. No representation, warranty, or statement by Company in this Agreement or in any written statement or certificate furnished or to be furnished to the Holders pursuant to this Agreement contains any untrue statement of a material fact or, when taken together, omits a material fact necessary to make the statements made herein or therein not misleading.

3.6. Ownership of Subsidiaries. The Company has good and marketable title to all the outstanding stock of each of its subsidiaries free and clear of all liens other than as set forth on Schedule 3.6 hereof. None of the Company's subsidiaries have outstanding (i) any stock or securities convertible into or exchangeable for any shares of capital stock or (ii) any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to any capital stock or stock or securities.

3.7. Material Adverse Change. There has been no material adverse change in the business, prospects or financial standing of the Company since the filing of the Company's most recent Annual Report on Form 10-K.

SECTION 4. RESTRICTIONS ON TRANSFERABILITY; REGISTRATION RIGHTS

The Restricted Securities shall not be transferable except upon the conditions specified in this Section 4; provided that, notwithstanding any other provisions of this Section 4, each Holder (and each other Person mentioned below in this clause) shall have the right to transfer any Restricted Securities to

any Affiliate, fund participant, trust beneficiary, or limited partner of such Holder, any party to any investment management or other similar agreement with Trustco or Tamco, any fund, foundation, trust or other Person for whose benefit any such agreement with Trustco or Tamco relates or any trustee, custodian or nominee of or for any such Person (each a "Permitted Transferee"). Each such transferee shall be subject to the same transfer restrictions imposed on the Holders by this Agreement. All rights and obligations of the Holders set forth in this Section 4 will inure to the benefit of and be binding upon any transferee of the Restricted Securities.

4.1. Restrictive Legend. Unless and until otherwise permitted by this Section 4, each certificate for Preferred Shares issued under this Agreement, each certificate for any Preferred Shares issued to any subsequent transferee of any such certificate, each certificate for any Conversion Shares issued upon exercise of any Preferred Shares and each certificate for any Conversion Shares issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares evidenced by this certificate have not been registered under the Securities Act of 1933, as amended, and may be reoffered and sold only if registered pursuant to the provisions of said Securities Act or if an exemption from registration is available."

4.2. Notice of Proposed Transfers. Prior to any transfer or attempted transfer of any Restricted Securities not subject to an effective registration statement and not covered by the proviso contained in the introductory paragraph to Section 4, the holder of such Restricted Certificate shall give written notice to the Company of such holder's intention to effect such transfer. Each such notice (i) shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall contain an undertaking by the Person giving such notice to furnish such other information as may be required, to enable counsel to render the opinions referred to below, and (ii) shall designate the counsel for the Person giving such notice. Except as otherwise set forth herein, such Person shall obtain the services of counsel described below at its own expense. The Person giving such notice shall submit a copy thereof to the counsel designated in such notice. If in the opinion of such counsel, which is reasonably satisfactory to the Company, the proposed transfer of such Restricted Securities evidenced by such Restricted Certificate may be effected without registration of such Restricted Securities under the Securities Act, the Company shall, within ten (10) business days after delivery of such opinion to the Company, so notify the holder of such Restricted Certificate and such holder shall thereupon be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by such holder to the Company. Each certificate evidencing the Restricted Securities thus to be transferred (and each certificate evidencing any untransferred balance of the Restricted Securities evidenced by such Restricted Certificate) shall bear the restrictive legend set forth in Section 4.1.

4.3. Demand Registration.

(a) Subject to the limitations contained in Section 4.7, at any time and from time to time, the holders of at least 51% of the outstanding Series A Preferred Shares and Conversion Shares held by the TCW Holders and the holders of at least 51% of the outstanding Series A Preferred Shares and Conversion Shares held by the Pacific Holders and the Aquila Holders may give written notice to the Company (i) of their intention to convert all or part of the Series A Preferred Shares held by them and to transfer the Conversion Shares held or obtained by conversion of the Series A Preferred Shares and (ii) requesting the registration of said Conversion Shares.

(b) Whenever the Company shall have received a demand to effect a registration pursuant to Section 4.3(a), the Company shall

promptly give written notice of such proposed registration to all other Holders. Any such Holder may request in writing that all of such Holder's Conversion Shares, or any portion thereof, designated by such Holder, be included in the registered offering.

(c) The Company shall, as expeditiously as possible following receipt of a demand pursuant to Section 4.3(a), effect the registration of such Conversion Shares under the Securities Act. The Sellers of the Conversion Shares shall have the right to select the managing underwriter or underwriters for the offering of such Conversion Shares.

(d) In the case of an underwritten public offering of Restricted Securities to be so registered, if the managing underwriter advises in its opinion that (i) the inclusion in such registration of some or all of such Common Stock requested to be registered (including without limitation, securities to be included pursuant to incidental or "piggyback" rights heretofore or hereafter granted by the Company to other Persons) will cause the proceeds or price per share to the Sellers to be reduced or (ii) that the number of securities to be registered at the request of the Sellers pursuant to this Section 4.3 plus the number of securities sought to be registered by such other Persons is too large a number to be reasonably sold, then the number of securities to be included in such registration will be reduced as set forth below:

(i) the number of shares of Common Stock sought to be registered by any Holders of Common Stock, other than the Conversion Shares, shall be reduced pro rata to the extent necessary to reduce the number of securities to be registered to the number recommended by the managing underwriter (the "Recommended Number");

(ii) if the reduction provided for in clause (i) does not reduce the number of shares of Common Stock to be registered to the Recommended Number, then the number of Conversion Shares sought to be registered by Holders other than the Holders that exercised the demand to effect such registration pursuant to Section 4.3(a) shall be reduced pro rata, in proportion to the number of Conversion Shares sought to be registered by such Holders of Conversion Shares, to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number; and

(iii) if the reduction provided for in clauses (i) and (ii) above does not reduce the number of shares of Common Stock to be registered to the Recommended Number, then the number of Conversion Shares sought to be registered shall be reduced pro rata, in proportion to the number of Conversion Shares sought to be registered by the Holders of such Conversion Shares, to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number;

provided, that in no event shall the holders of the Conversion Shares so included in such registration be required to pay any expenses relating to such registration, including, without limitation, all the expenses described in the first paragraph of Section 4.7, which are related to the inclusion of any other holders' Common Stock in the registration.

(e) The Company will not grant to any Person at any time on or after the date hereof the right (a "Piggyback Right") to request the Company to register any securities of the Company under the Securities Act by reason of the exercise by any Holder of its rights under this Section 4.3 unless such Piggyback Right provides that such securities shall not be registered and sold at the same time if the managing underwriter for the respective Sellers believes that sale of such securities would adversely affect the amount of, or price at which, the respective Conversion Shares being registered under this Section 4.3 can be sold.

(f) The Company agrees (1) not to effect any public or private sale or distribution of its equity securities, including a sale pursuant to Regulation D under the Securities Act, during the 10-day period prior to, and during the 120-day period beginning on, the closing date of an underwritten offering made pursuant to a registration statement filed pursuant to this Section 4.3 and (2) to cause each holder of its privately placed equity securities purchased from the Company at any time on or after the date of this Agreement to agree not to effect any public sale or distribution of any such securities during such period, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration, if permitted).

Except pursuant to a registration statement filed pursuant to this Section 4.3, each Holder agrees not to effect any public sale or distribution, including a sale pursuant to Rule 144 or 144A under the Securities Act, of any Restricted Securities during the 10-day period prior to, and during the 120-day period beginning on, the closing date of an underwritten offering made pursuant to a registration statement filed pursuant to this Section 4.3.

(g) The Company recognizes that money damages may be inadequate to compensate Holders for a breach by the Company of its obligations under this Section 4.3, and the Company agrees that in the event of such a breach the Holders may apply for an injunction of specific performance or the granting of such other equitable remedies as may be awarded by a court of competent jurisdiction in order to afford Holders the benefits of this Section 4.3 and that the Company shall not object to such application, entry of such injunction or granting of such other equitable remedies on the grounds that money damages will be sufficient to compensate the Holders.

4.4. Piggy-Back Registration.

(a) Subject to the limitations contained in Section 4.7, if the Company at any time proposes to register any of its securities under the Securities Act (other than a registration effected solely to implement an employee benefit plan, a registration of the Notes or any other registration on Form S-4), whether of its own accord or at the request of any holder or holders of such securities, it will each such time give written notice to all holders of outstanding Preferred Shares and Conversion Shares of its intention so to do.

(b) Upon the written request of a holder or holders of any such Preferred Shares and Conversion Shares given within 30 days after receipt of any such notice (stating the intended method of disposition of such securities by the prospective Seller or Sellers), the Company will use its best efforts to cause all Conversion Shares, the holders of which shall have so requested registration thereof, to be registered under the Securities Act, all to the extent requisite to permit the sale or other disposition (in accordance with the intended methods thereof as aforesaid) by the prospective Seller or Sellers of the Conversion Shares so registered; provided, however, the Company may elect not to file a registration statement pursuant to this Section 4.4 or may withdraw any registration statement filed pursuant to this Section 4.4 at any time prior to the effective date thereof. In the case of an underwritten public equity offering by the Company, each Seller shall, if requested by the managing underwriter, agree not to sell publicly any equity securities of the Company held by such Seller (other than the Conversion Shares so registered) for a period of up to 120 days following the effective date of the registration statement relating to such offering.

(c) If the managing underwriter for the respective offering advises that the inclusion in such registration of some or all of the Conversion Shares sought to be registered by the Seller in its opinion will cause the proceeds or price per unit the Company or the

requesting or demanding holder of securities will derive from such registration to be reduced or that the number of securities to be registered at the instance of the Company or such requesting or demanding holder plus the number of securities sought to be registered by the Sellers is too large a number to be reasonably sold, then the number of securities to be included in such registration will be reduced as set forth below:

(i) the number of shares of Common Stock sought to be registered by any holders of Common Stock, other than the Conversion Shares, shall be reduced pro rata to the extent necessary to reduce the number of securities to be registered to the Recommended Number;

(ii) if the reduction provided for in clause (i) above does not reduce the number of securities to be registered to the Recommended Number, then the number of shares of the Common Stock sought to be issued and registered on account of the Company shall be reduced to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number; provided, however, that this clause (ii) shall be of no effect with respect to the registration and sale of such Common Stock by the Company which is necessary to repay any debt or obligation of the Company or its subsidiaries then becoming due and payable or which is necessary to finance the acquisition of assets or a majority of the outstanding stock of another corporation by the Company or its subsidiaries which acquisition will be consummated within 6 months of the effective date of such registration; and (iii) if the reduction provided for in clauses (i) and (ii) above does not reduce the number of shares of Common Stock to be registered to the Recommended Number, then the number of Conversion Shares sought to be registered shall be reduced pro rata, in proportion to the number of Conversion Shares sought to be registered by the holders thereof, to the extent necessary to reduce the number of shares of Common Stock to be registered to the Recommended Number.

(d) The Company will not grant to any Person at any time on or after the date hereof the right to request the Company to register any securities of the Company under the Securities Act unless such right provides that such securities shall not be registered and sold at the same time if the managing underwriter for the respective sellers believes that sale of such securities would adversely affect the amount of, or price at which, the respective Conversion Shares being registered under this Section 4.4 can be sold.

4.5. Registration of Dividend Shares. The Company shall cause a registration statement to be filed pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") and to be declared effective prior to the issuance of Dividend Shares to any Holder, which Shelf Registration Statement shall provide for resales of all Dividend Shares that are issued by the Company to the Holders and which Shelf Registration Statement shall remain effective until the earlier of (a) the date all such Dividend Shares have been sold under such Shelf Registration Statement or (b) the date such Dividend Shares can be sold pursuant to Rule 144(k) promulgated under the Securities Act.

4.6. Registration Procedures. (a) If and whenever the Company is required by the provisions of this Section 4 to use its best efforts to effect the registration of any of the Conversion Shares or to effect the registration of the Dividend Shares under the Securities Act, the Company will (except as otherwise provided in this Agreement), as expeditiously as possible:

(i) cooperate with any underwriters for, and the Sellers of, such Common Shares, and will enter into a usual and customary underwriting agreement with respect thereto and take all such other reasonable actions as are necessary or advisable to permit, expedite and facilitate the disposition of such Common Shares in the manner contemplated by the related registration statement in each case to the same extent as if all the securities then being offered were for the

account of the Company and the Company will provide to any Seller of Common Shares, any underwriter participating in any distribution thereof pursuant to a registration statement, and any attorney, accountant or other agent retained by any Seller or underwriter, reasonable access to appropriate Company officers and employees to answer questions and to supply information reasonably requested by any such Seller, underwriter, attorney, accountant or agent in connection with such registration statement;

(ii) furnish or cause to be furnished to each Seller of Common Shares covered by such registration statement and the underwriters, if any, addressed to such Sellers and the underwriters, if any, such opinion of counsel for the Company, and a "comfort" letter signed by the independent public accountants who have certified the Company's financial statements included in the registration statement in each case covering matters customarily covered in opinions and "comfort" letters requested in underwritten offerings and such other matters as may be reasonably requested by the Sellers and underwriters, if any;

(iii) prepare and file with the Commission a registration statement with respect to such securities and use its best efforts to cause such registration statement to become and remain continuously effective and provide all requisite financial statements for the period specified in paragraph (b) of this Section 4.6; and prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith (including without limitation such amendments and supplements as the Sellers may deem necessary in their reasonable discretion) as may be necessary to keep such registration statement continuously effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such registration statement whenever the Seller or Sellers of such securities shall desire to sell or otherwise dispose of the same; provided that no such registration statement will be filed by the Company until counsel for the Sellers of securities included therein shall have had a reasonable opportunity to review the same and to exercise their rights under clause (i) above with respect thereto and no amendment to any such registration statement naming such Sellers as selling shareholders shall be filed with the Commission until such Sellers shall have had at least seven days to review such registration statement as originally filed and theretofore amended, to exercise their rights under clause (i) above and to approve or disapprove any portion of such registration statement describing or referring to such Sellers;

(iv) furnish to each Seller such numbers of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such Seller may reasonably request in order to facilitate the public sale or other disposition of the securities owned by such Seller;

(v) use its best efforts to register or qualify the securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as each Seller shall request, and do any and all other acts and things which may be necessary or advisable to enable such Seller to consummate the public sale or other disposition in such jurisdictions of the securities owned by such Seller, except that the Company shall not for any such purpose be required to qualify to do business as a foreign corporation in any jurisdiction wherein it is not so qualified or to file therein any general consent to service;

(vi) in the event of the issuance of any stop order suspending the effectiveness of any registration statement or of any order suspending or preventing the use of any prospectus or suspending the qualification of any Common Shares for sale in any jurisdiction, use its best efforts promptly to obtain its withdrawal;

(vii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, beginning with the first fiscal quarter beginning after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act; and

(viii) list such securities on any securities exchange on which any stock of the Company is then listed, if the listing of such securities is then permitted under the rules of such exchange;

(b) Notwithstanding any other provision of this Section 4, the Company shall not be required to maintain the effectiveness of (i) any registration statement filed by the Company pursuant to Section 4.3 or Section 4.4 hereof for a period in excess of two years (plus any period during which the effectiveness of such registration has been suspended) or (ii) any registration statement filed by the Company pursuant to Section 4.5 for a period in excess of two years (plus any period during which the effectiveness of such registration has been suspended) following the later of (a) the date on which the Company issues shares of Common Stock in payment of a dividend on the Preferred Shares for the last dividend payment made in Common Stock by the Company with respect to the Preferred Shares and (b) the date on which the Company issues shares of Common Stock to redeem all of the then issued and outstanding Preferred Shares. From time to time after a transfer of Shares pursuant to a registration statement the Company will file all reports required to be filed by it under the Securities Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations adopted by the Commission thereunder, and will take such further action as any holder or holders of Common Shares may reasonably request, all to the extent required to enable such holders to sell Common Shares pursuant to Rule 144 and Rule 144A promulgated under the Securities Act (or any successor thereto). Upon written request, the Company will deliver to such holders a written statement as to whether it has complied with such requirements.

4.7. Expenses; Limitations on Registration. The Company shall pay all expenses incident to the Company's performance of its obligations in connection with any registration of the Sellers' Common Shares under this Agreement including, without limitation, (i) printing expenses, (ii) fees and disbursements of counsel for the Company, (iii) fees of the National Association of Securities Dealers, Inc. in connection with its review of any offering contemplated in any registration statement, (iv) expenses of any special audits to which the Company shall agree or which shall be necessary to comply with governmental requirements in connection with any such registration, (v) all registration and filing fees for the Sellers' Common Shares under Federal and State securities laws, (vi) expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to Section 4.6(a)(v), and (vii) fees and expenses of not more than one special counsel for the Seller or Sellers whose Common Shares are included in such registration, such special counsel to be selected by the Holder(s) of a majority of such Common Shares included in such registration.

It shall be a condition precedent to the obligation of the Company to take any action pursuant to this Section 4 in respect of the Conversion Shares which are to be registered at the request of any prospective Seller that (i) subject to the immediately preceding paragraph, the Company shall have received an undertaking satisfactory to it from such prospective Seller to pay, or have deducted from the proceeds from the sale of Conversion Shares pursuant to a registration, all expenses to be incurred by or for the account of and required to be paid by such Seller, and (ii) such prospective Seller shall furnish to the Company such information regarding the securities held by such Seller and the intended method of disposition thereof as the Company shall reasonably request and as shall be required in connection with the action to be taken by the Company.

The TCW Holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of two effective registrations pursuant to requests made under Section 4.3; provided that in the case any TCW Holder shall acquire any Conversion Shares by conversion of such Preferred Stock following a Notice of Redemption (as defined in the Certificate of Designation) the holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of three effective registrations pursuant to requests made under Section 4.3; provided, further, that any registration request made by the requisite number of Holders, as set forth in the first paragraph of Section 4.3, which request shall be withdrawn (other than by reason of the Company's failure to perform its obligations hereunder or a material adverse change in its financial position or business) by the holders of at least 75% of the shares evidenced or covered by the Conversion Shares sought to be registered, after the respective registration statement shall have become effective, shall be treated as an "effective" registration for purposes hereof.

The Pacific Holders and the Aquila Holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of one effective registration pursuant to a request made under Section 4.3; provided that in the case any Pacific Holder or Aquila Holder shall acquire any Conversion Shares by conversion of such Preferred Stock following a Notice of Redemption (as defined in the Certificate of Designation) the holders of Preferred Shares and Conversion Shares shall be entitled to an aggregate of two effective registrations pursuant to requests made under Section 4.3; provided, further, that any registration request made by the requisite number of Holders, as set forth in the first paragraph of Section 4.3, which request shall be withdrawn (other than by reason of the Company's failure to perform its obligations hereunder or a material adverse change in its financial position or business) by the holders of at least 75% of the shares evidenced or covered by the Conversion Shares sought to be registered, after the respective registration statement shall have become effective, shall be treated as an "effective" registration for purposes hereof.

The Company agrees that it will not file a registration statement under the Securities Act, either for securities held by any of the Company's securityholders other than holders of Preferred Shares and Common Shares or for securities newly issued by the Company, until 30 days after the effective date of any registration statement filed pursuant to the request of a Seller or Sellers made under Section 4.3.

4.8. Indemnification.

4.8.1. In the event of any registration of any of its securities under the Securities Act pursuant to this Section 4, the Company shall indemnify and hold harmless the Seller of such Common Shares, such Seller's directors, officers, employees, agents, and each other person, if any, who controls such Seller within the meaning of the Securities Act (a "Controlling Person"), against any losses, claims, damages or liabilities, joint or several, to which such Seller or any such director or officer or Controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) alleged untrue statement of any material fact contained, on the effective date thereof, in any registration statement under which such securities were registered under the Securities Act, or in any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse such Seller or such director, officer or Controlling Person for any legal or any other expenses reasonably incurred by such Seller or such director, officer or Controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in such registration statement, preliminary prospectus, prospectus, or amendment or supplement in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such Seller specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Seller or such director, officer or Controlling Person, and shall survive the transfer of such securities by such Seller.

4.8.2. Each holder of any Common Shares shall, by acceptance thereof, indemnify and hold harmless the Company, its directors and officers and each other person, if any, who controls the Company against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or any such person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or omission of any material fact contained, on the effective date thereof, in any registration statement under which securities were registered under the Securities Act, or in any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or omission was contained in written information furnished to the Company through an instrument duly executed by such holder specifically for use therein, and shall reimburse the Company or such director, officer or other person for any legal or any other expenses reasonably incurred in connection with investigating or defending any such loss, claim, damage, liability or action.

4.8.3. Indemnification similar to that specified in Subsections 4.8.1 and 4.8.2 shall be given by the Company and each holder of any Common Shares (with such modifications as shall be appropriate) to any underwriter with respect to any required registration or other qualification of any Common Shares under any Federal or state law or regulation of governmental authority. The indemnity and expense reimbursements obligations of the Company and the Holders under Subsections 4.8.1 and 4.8.2 shall be in addition to any liability the Company and the Holders may otherwise have.

4.8.4. Each Person (an "Indemnitor") who under the preceding provisions of this Section 4.8 agrees to indemnify another Person (an "Indemnitee") shall have the right, subject to the provisions hereto, to designate counsel (acceptable to the Indemnitee) to defend any case or proceeding against the Indemnitee arising in respect of any claim of liability

for which such indemnification may be claimed, to the end that duplication of legal expense may be minimized; provided that, if the Indemnatee notifies the Indemnitor that the former has been advised by its counsel that any single counsel in such case or proceeding would have a conflict of interest in representing both the Indemnitor and the Indemnatee, the Indemnatee may designate its own counsel in such case or proceeding and, to the extent so provided above in this Section 4.8, shall be entitled to be reimbursed for its legal expenses reasonably incurred in connection with defending itself in such case or proceeding.

4.9. Termination of Restrictions. Notwithstanding the foregoing provisions of this Section 4, the restrictions imposed by this Section 4 upon the transferability of the Restricted Securities shall cease and terminate as to any particular Restricted Security when such Restricted Security shall have been effectively registered under the Securities Act and sold by the holder thereof in accordance with such registration or sold under Rule 144 or 144A promulgated by the Commission. Whenever the restrictions imposed by this Section 4 shall terminate as to any Restricted Certificate, as hereinabove provided, the holder thereof shall be entitled to receive from the Company, without expense, a new certificate not bearing the restrictive legend otherwise required to be borne thereby.

4.10. Rule 144. At all times, in order to permit the holders of Preferred Shares and Common Shares to sell the same, if they so desire, pursuant to Rule 144 or 144A promulgated by the Commission (or any successor to such rule), the Company will comply with all rules and regulations of the Commission applicable in connection with use of Rule 144 and 144A (or any successor rules thereto), including the provision of information concerning the Company and the timely filing of all reports with the Commission in order to enable such holders, if they so elect, to utilize Rule 144 or 144A, and the Company will cause any restrictive legends to be removed and any transfer restrictions to be rescinded with respect to any sale of Preferred Shares or Common Shares which is exempt from registration under the Securities Act pursuant to Rule 144 or 144A.

SECTION 5. COVENANTS OF THE COMPANY

5.1. Delivery Expenses. If any Holder surrenders any certificate for Preferred Shares, Conversion Shares or Dividend Shares to the Company or a transfer agent of the Company for exchange for instruments of other denominations or registered in another name or names, the Company will, subject to the provisions of Section 4, cause such new instruments to be issued and will pay the cost of delivering to or from the office of the Holder from or to the Company or its transfer agent, duly insured, the surrendered instrument and any new instruments issued in substitution or replacement for the surrendered instrument.

5.2. Taxes. The Company will pay all taxes (other than Federal, State or local income taxes) which may be payable in connection with the execution and delivery of this Agreement or the issuance and sale of the Preferred Shares, the Conversion Shares and the Dividend Shares hereunder or in connection with any modification of the Preferred Shares, Conversion Shares or Dividend Shares and will save the Holders harmless without limitation as to time against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay such taxes. The obligations of the Company under this Section 5.2 shall survive any redemption, repurchase or acquisition of Preferred Shares, Conversion Shares or Dividend Shares by the Company and the termination of this Agreement. 5.3. Replacement of Instruments. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any certificate or instrument evidencing any Preferred Shares, Conversion Shares or Dividend Shares, and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that, if the owner of the same is a commercial bank or an institutional lender or investor, its own agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company, at its expense, will execute, register and deliver, in lieu thereof, a new certificate or instrument for (or covering the purchase of) an equal number of shares of Preferred Shares, Conversion Shares or Dividend Shares

5.4. Restrictions on Certain Actions. Prior to the day next following the issuance of Preferred Shares hereunder the Company will not:

(a) pay or declare any dividend payable in shares of its common stock or take any other action which, if taken after the date of such issuance, would result under the terms of the Preferred Stock in a change in the number of Conversion Shares into which the Preferred Shares may be converted; or

(b) make any amendment to the Articles of Incorporation of the Company, or file any resolution of the board of directors with the Nevada Secretary of State containing any provisions, which would materially and adversely affect or otherwise impair the rights of the holders of the Preferred Shares.

5.5. Use of Proceeds. The Company shall use the proceeds of the sale of the Preferred Shares to repay amounts outstanding under the Credit Agreement.

5.6. Rights Agreement. The Company will not, without the affirmative vote or consent of the Requisite Holders, supplement, amend or repeal any provision of the Rights Agreement, or adopt any other agreement or plan similar to the Rights Agreement, which could materially adversely affect the Holders of the Preferred Stock, the Conversion Shares or Dividend Shares, in their sole discretion.

5.7. Maintenance of NYSE Listing. For as long as any Purchaser holds any Preferred Shares, Conversion Shares or Dividend Shares, the Company shall cause the Common Stock to be continuously listed on the New York Stock Exchange or, if the Common Stock is delisted from the New York Stock Exchange, the NASDAQ National Market System or the American Stock Exchange; provided, that the Company shall not be liable for a failure to maintain such listing if the Common Stock of the Company fails to meet the eligibility requirements of the particular exchange if and only if the failure to meet such eligibility requirements shall not have been caused by any action of the Company.

5.8. Election of Directors; Maintenance of Directors and Officers Insurance.

(a) The Company and its Board of Directors shall cause the Board of Directors of the Company following the redemption of the Series A Preferred Shares pursuant to the terms of the Articles of Incorporation and Certificate of Designation to at all times include as members of the Board of Directors a number of individuals designated as directors by Purchasers on behalf of the initial purchasers of the Preferred Shares pursuant to this Agreement and their Permitted Transferees equal to the number of directors that the Holders of Preferred Shares were entitled to elect prior to such redemption pursuant to the terms of the Articles of Incorporation and the Certificate of Designation. The obligations of the Company and the Board of Directors to cause the Board of Directors of the Company to be so constituted shall continue for so long as the initial purchasers of the Preferred Shares pursuant to this Agreement and their Permitted Transferees hold at least 20% of the issued and outstanding shares of Common Stock of the Company; provided, that in calculating the percentage of Common Stock held by such initial purchasers and their Permitted Transferees, only Common Stock (x) issued by the Company upon the conversion or redemption of the Preferred Shares or (y) paid by the Company as a dividend on the Preferred Shares shall be included

in such calculation. In the event that such Holders at anytime hold less than 20% of the issued and outstanding shares of Common Stock of the Company, the Company and its Board of Directors shall cause the Board of Directors to include as members of the Board of Directors one director designated by Purchasers on behalf of such Holders for each 5% of the issued and outstanding shares of Common Stock of the Company held by such Holders; provided, that in calculating the percentage of Common Stock held by such initial purchasers and their Permitted Transferees, only Common Stock (x) issued by the Company upon the conversion or redemption of the Preferred Shares or (y) paid by the Company as a dividend on the Preferred Shares shall be included in such calculation. The Company and the Board of Directors of the Company agree that at all times that the Holders have the right to designate directors pursuant to this Section 5.8(a), the number of directors constituting the whole Board of Directors shall be no greater than six directors plus the number of Directors that the Holders are entitled to elect pursuant to the terms of this Section 5.8(a). If such Holders designate fewer directors than allowed by this Section 5.8(a), the directors designated by such Holders shall nonetheless have the number of votes equal to the number of directors that such Holders could have designated pursuant this Section 5.8(a) so that at any meeting of the Board of Directors of the Company each director designated by such Holders pursuant to this Section 5.8(a) shall have the number of votes equal to the number of directors that such Holders could have designated pursuant to this Section 5.8(a) (the "Available Director Seats") divided by the actual number of directors designated by such Holders pursuant to this Section 5.8(a) and attending such meeting (the "Actual Directors") and, for purposes of determining whether a quorum is present at such meeting, each such director that was designated by such Holders and is present at such meeting shall be counted as a number of directors equal to the number of Available Director Seats divided by the number of Actual Directors.

(b) So long as the Holders are entitled to elect one or more directors pursuant to the terms of this Section 5.8 and for a period of three years after such time as the Holders are no longer entitled to elect any directors, the Company shall maintain director's and officer's insurance providing for such amount of coverage and such terms as shall be satisfactory to Purchasers. In the event that the Company (i) consolidates with or merges with or into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any person then, in each case, proper provision shall be made such that the successors and assigns shall assume the obligations set forth in this Section 5.8(b).

5.9. Shareholder Approval. The Company shall call a meeting of its shareholders to be held no later than July 31, 1999 for the purpose of voting upon the approval of the issuance of the Series B Conversion Shares, the Conversion Shares and the Dividend Shares. The Company will through its Board of Directors recommend to its shareholders the approval of such matters and shall not withdraw, modify or change its recommendation in any manner that would adversely effect the ability of the Company to issue the Series B Conversion Shares, Conversion Shares or the Dividend Shares. The Purchasers agree to vote all of their Series A Preferred Shares in favor of such recommendation of the Board of Directors authorizing the issuance of the Series B Conversion Shares, the Conversion Shares and the Dividend Shares.

5.10 Issuance of Additional Series A Preferred Shares. The Company shall not issue any additional shares of Series A Preferred Shares other than the Series B Conversion Shares.

SECTION 6. MISCELLANEOUS

6.1. Notices.

6.1.1. All communications under this Agreement shall be in writing and shall be mailed by first class mail, postage prepaid:

(a) if to any party hereto at its address for notices specified beneath its name on the signature page hereof, or at such other address as it may have furnished in writing to each other party

hereto and all other holders of Preferred Shares, Conversion Shares and Dividend Shares at the time outstanding, or

(b) if to any other Person who is the registered holder of any Preferred Shares, Conversion Shares or Dividend Shares, to the address for the purpose of such holder as it appears in the stock ledger of the Company.

6.1.2. Any notice shall be deemed to have been duly given when delivered by hand, if personally delivered, and if sent by mail, two business days after being deposited in the mail, postage prepaid.

6.2. Survival. All warranties, representations and covenants made by the Company herein or in any certificate or other instrument delivered by it or on its behalf under this Agreement shall be considered to have been relied upon by the Holders and shall survive the issuance of the Preferred Shares regardless of any investigation made by or on behalf of the Holders. All statements in any such certificate or other instrument so delivered shall constitute representations and warranties by the Company hereunder.

All representations, warranties and covenants made by the Holders herein shall be considered to have been relied upon by the Company and shall survive the issuance to the Holders of the Preferred Shares regardless of any investigation made by the Company or on its behalf.

The provisions of Section 4 and Section 5.8 hereof shall survive the issuance to the Holders of the Preferred Shares, the Conversion Shares and Dividend Shares .

6.3. Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties whether so expressed or not.

6.4. Amendment and Waiver, etc. This Agreement may be amended, and the observance of any term of this Agreement may be waived, but only with the written consent of the Requisite Holders. No failure or delay on the part of the Holders in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Holders at law or in equity or otherwise. No waiver of or consent to any departure by the Company from any provision of this Agreement shall be effective unless signed in writing by the Holders.

6.5. Duplicate Originals. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

6.6. Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

6.7. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of California.

6.8. Specific Performance. The Company acknowledges that the Holders have no adequate remedy at law for breaches by the Company of its obligations

hereunder or under the Articles of Incorporation, and accordingly the Company irrevocably agrees that the Holders shall be entitled to the remedy of specific performance and waives any right the Company may have to object to such remedy.

6.9. Applicable IRR Calculation. Attached hereto as Exhibit C are schedules provided by way of example in calculating the Applicable IRR Amount (as defined in the Certificate of Designation) for purposes of Section 4.4 of the Certificate of Designation.

6.10 Consents, Approvals and Other Actions by Purchasers or Holders. Except where specifically provided or the context would provide otherwise, any consent, approval or other action to be given or taken by Purchasers or Holders under this Agreement or any other document relating to the Preferred Shares or Conversion Shares shall be deemed to have been given or taken if given or taken by Purchasers or Holders, as the case may be, purchasing or holding a majority of the Preferred Shares or Conversion Shares, as applicable.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Stock Purchase Agreement as of the date first above written.

Address for Notices: COMSTOCK RESOURCES, INC.,
a Nevada corporation
LBJ Freeway, Suite 1000
Dallas, TX 75244

By /s/ M. JAY ALLSION

M. Jay Allison
President and
Chief Executive Officer

Address for Notices:
865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW DEBT AND ROYALTY FUND VI, L.P., a
California limited partnership
By: TCW Asset Management Company, a
California corporation, as General Partner

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:
865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW DEBT AND ROYALTY FUND VIB, L.P., a
California limited partnership
By: TCW Asset Management Company, a
California corporation, as General Partner

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:
865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager under the Investment Management Agreement dated as of July 7, 1997 between Morgan Stanley Asset Management Inc. as Fiduciary Advisor on behalf of, inter alia, Eugenia III Investment Holdings Limited and TCW Asset Management Company as amended by amendment dated as of October 15, 1998 between Bessemer Trust Company, N.A., in the capacity discussed therein, and TCW Asset Management Company

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices
865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of May 19, 1997 between Allmerica Asset Management, Inc. as agent for First Allmerica Financial Life Insurance Company, TCW Asset Management Company and Trust Company of the West

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:

865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of October 27, 1997 between University of Chicago, TCW Asset Management Company and Trust Company of the West

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:

865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of October 27, 1997 between University of Notre Dame du Lac, TCW Asset Management Company and Trust Company of the West

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:

865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management and Custody Agreement dated as of October 24, 1997 between William N. Pennington Separate Property Trust dated January 1, 1991, TCW Asset Management Company and Trust Company of the West

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices:

865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TCW ASSET MANAGEMENT COMPANY, a California corporation, as Investment Manager pursuant to the Investment Management Agreement dated as of October 27, 1997 between Delta Air Lines, Inc., TCW Asset Management Company and Trust Company of the West

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices

865 S. Figueroa Street, Suite 1800
Los Angeles, CA 90017
Attn: Arthur R. Carlson

TRUST COMPANY OF THE WEST, a California
trust company, in its capacities as
Investment Manager pursuant to the
Investment Management Agreement dated as of
June 6, 1988 between General Mills, Inc. and
the Trust Company of the West and as
Custodian pursuant to the Custody Agreement
dated as of February 6, 1989 among
General Mills, Inc., the Trust Company
of the West and State Street Bank and
Trust Company, as trustee

By: /s/ THOMAS F. MEHLBERG

Thomas F. Mehlberg
Managing Director

By:/s/ ALVIN R. ALBE, JR.

Alvin R. Albe, Jr.
Executive Vice President,
Finance & Administration

Address for Notices

700 Newport Center Drive
Newport Beach, CA 92660
Attn: W.R. Schmidt
Assistant Vice President

PACIFIC LIFE INSURANCE COMPANY,
a California stock insurer

By: /s/ WILLIAM R. SCHMIDT

Assistant Vice President

By: /s/ DIANE W. DALLES

Assistant Secretary

Address for Notices

2 Houston Center
909 Fannin, Suite 1850
Houston, Texas 77010-1007
Attn: Kenneth F. Wyatt,
Vice President

AQUILA ENERGY CAPITAL CORPORATION,
a Delaware corporation

By: /s/ KENNETH F. WYATT

Kenneth F. Wyatt
Vice President

SCHEDULE A

Holder -----	Number of Shares	
	Series A 1999 Preferred -----	Series B 1999 Preferred -----
TCW DEBT AND ROYALTY FUND VI, L.P., a California limited partnership (95-4623776)	334,375	180,576
TCW DEBT AND ROYALTY FUND VIB, L.P., a California limited partnership (95-4657858)	101,733	54,940
TRUST COMPANY OF THE WEST, a California trust company, as Custodian for Eugenia III Investment Holdings Limited	157,587	85,103
TRUST COMPANY OF THE WEST, a California trust company, as Custodian for Allmerica Asset Management, Inc. as agent for First Allmerica Financial Life Insurance Company (04-1867050)	100,716	54,391
TRUST COMPANY OF THE WEST, a California trust company, as Custodian pursuant to the Investment Management and Custody Agreement dated as of October 27, 1997 between University of Chicago, TCW Asset Management Company and Trust Company of the West (36-2177139)	40,286	21,756
TRUST COMPANY OF THE WEST, a California trust company, as Custodian pursuant to the Investment Management and Custody Agreement dated as of October 27, 1997 between University of Notre Dame du Lac, TCW Asset Management Company and Trust Company of the West (35-0868188)	33,086	17,868
TRUST COMPANY OF THE WEST, a California trust company, as Custodian pursuant to the Investment Management and Custody Agreement dated as of October 24, 1997 between William N. Pennington Separate Property Trust dated January 1, 1991, TCW Asset Management Company and Trust Company of the West (###-##-####)	151,073	81,586

Holder -----	Number of Shares	
	Series A 1999 Preferred -----	Series B 1999 Preferred -----
TRUST COMPANY OF THE WEST, a California trust company, as Sub-Custodian for the Delta Master Trust dated May 27, 1982, as amended, under the sub-custody agreement and power of attorney dated October 30, 1997 among Trust Company of the West, Citibank F.S.B., as Trustee and TCW Asset Management Company (36-6751614)	55,144	29,780
TRUST COMPANY OF THE WEST, a California trust company, in its capacities as Investment Manager pursuant to the Investment Management Agreement dated as of June 6, 1988 with General Mills, Inc. and as Custodian pursuant to the Custody Agreement dated as of February 6, 1989 with General Mills, Inc. and State Street Bank and Trust Company, as trustee (41-0274440)	324,667	175,333
PACIFIC LIFE INSURANCE COMPANY	324,667	175,333
AQUILA ENERGY CAPITAL CORPORATION	324,667 -----	175,333 -----
Total:	1,948,001 =====	1,051,999 =====

CREDIT AGREEMENT

dated as of April 29, 1999

between

COMSTOCK RESOURCES, INC.,

COMSTOCK OIL & GAS, INC.,

COMSTOCK OIL & GAS - LOUISIANA, INC.,

COMSTOCK OFFSHORE, LLC,

and

THE BANKS PARTY HERETO,

THE FIRST NATIONAL BANK OF CHICAGO, AS ADMINISTRATIVE AGENT,

TORONTO DOMINION (TEXAS), INC., AS SYNDICATION AGENT

AND

PARIBAS, AS DOCUMENTATION AGENT

BANC ONE CAPITAL MARKETS, LEAD ARRANGER

E-58

CREDIT AGREEMENT

THIS AGREEMENT, dated as of April 29, 1999, is among COMSTOCK RESOURCES, INC. a Nevada corporation ("CRI"), COMSTOCK OIL & GAS, INC., a Nevada corporation ("COG"), COMSTOCK OIL & GAS - LOUISIANA, INC., a Nevada corporation ("COGL"), COMSTOCK OFFSHORE, LLC, a Nevada limited liability company ("Offshore") (CRI, COG, COGL and Offshore may hereinafter collectively be referred to as the "Borrowers"), the lenders party hereto from time to time (collectively, the "Banks" and individually, a "Bank"), PARIBAS, as documentation agent for the Banks (in such capacity, the "Documentation Agent"), TORONTO DOMINION (TEXAS), INC., as syndication agent for the Banks (in such capacity, the "Syndication Agent") and THE FIRST NATIONAL BANK OF CHICAGO, as administrative agent for the Banks (in such capacity, the "Agent").

RECITALS

A. The Borrowers, the banks party thereto, Toronto Dominion (Texas), Inc., as syndication agent for such banks, and The First National Bank of Chicago, as agent for such banks, executed a Credit Agreement dated as of December 23, 1998 (the "Existing Credit Agreement"), which amended and restated a Credit Agreement September 24, 1998, which in turn amended and restated a Credit Agreement dated December 9, 1997, which in turn amended and restated a Credit Agreement dated as of August 13, 1996, which in turn amended and restated a Credit Agreement dated as of May 1, 1996, which in turn amended and restated a Credit Agreement dated as of July 31, 1995, which in turn amended and restated a Credit Agreement dated as of September 30, 1994, as amended, and which in turn amended and restated a Credit Agreement dated as of November 15, 1993, as amended.

B. The Borrowers have requested that the Banks amend and restate the Existing Credit Agreement as herein provided, replacing and refinancing the indebtedness thereunder with a secured revolving credit facility terminating December 9, 2002 providing for revolving credit loans in the aggregate principal amount of up to \$162,500,000 (subject to limitations imposed by a Borrowing Base), including a \$5,000,000 letter of credit subfacility participated in by all the Banks, and the Banks are willing to establish such a credit facility in favor of the Borrowers and amend and restate the Existing Credit Agreement on the terms and conditions herein set forth.

AGREEMENT

In consideration of the premises and of the mutual agreements herein contained, the parties hereto agree that the Existing Credit Agreement shall be amended and restated as follows:

SECTION 1. Definitions

1.1 Certain Definitions. As used herein, the following terms shall have the following respective meanings:

"Advances" shall mean any Loan or any Letter of Credit Advance.

"Advance Date" shall mean each date for the making, continuation or conversion of an Advance as specified in the notice delivered by the Borrowers, or any of them, permitted by this Agreement.

"Affiliate", when used with respect to any Person shall mean any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person or any other Person which is owned 5% or more by such Person or any Subsidiary or other Affiliate of such Person. For purposes of this definition "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), with respect to any Person, shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise.

"Applicable Margin" shall mean (a) 2.25% with respect to any Eurodollar Loan or Letter of Credit Advance, (b) 1.25% with respect to any Floating Rate Loan and (c) 0.50% with respect to commitment fees payable under Section 4.3(a).

"Bank Obligations" shall mean all indebtedness, obligations and liabilities, whether now or hereafter arising, of the Borrowers to the Agent or any Bank pursuant to any of the Loan Documents.

"Borrowing Base" shall mean an amount determined in accordance with the procedures described in Section 9.14, and based upon the Agent's and the Banks' customary and standard practices in lending to oil and gas companies generally, including without limitation their standard engineering criteria and oil and gas lending criteria (and it is acknowledged and agreed that such customary and standard practices, including without limitation such engineering criteria and oil and gas lending criteria, shall be determined by the Agent and each Bank, as the case may be, in their sole discretion, and such determination shall be conclusive and binding).

"Borrowing Base Deficiency" is defined in Section 4.1(c).

"Business Day" shall mean (i) with respect to any borrowing, payment or rate selection of Eurodollar Loans, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago and New York for the conduct of substantially all of their commercial lending activities and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in Chicago for the conduct of substantially all of their commercial lending activities.

"Capital Expenditures" shall mean, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of CRI and its Subsidiaries prepared in accordance with GAAP.

"Capital Stock" shall mean (i) in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock, including without limitation the Preferred Stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii) or (iv), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

"Change in Control" shall mean (a) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of

Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of more than 50% of the outstanding shares of voting stock of CRI, (b) COG, COGL, Offshore or any other present or future Borrower (other than CRI) or Subsidiary shall cease to be a wholly-owned Subsidiary, directly or indirectly, of CRI or (c) the Board of Directors of CRI shall not consist of a majority of the Continuing Directors of CRI.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder.

"Collateral" shall have the meaning ascribed thereto in Section 5.1(a) hereof.

"Commitments" shall mean, with respect to each Bank, the commitment of such Bank to make Loans and assume a risk participation in Letter of Credit Advances pursuant to Sections 2.1(a) and (b), in amounts not exceeding in aggregate principal amount outstanding at any time the lesser of (i) the respective stated Commitment amount for such Bank set forth next to the name of such Bank on the signature pages hereof or established pursuant to Section 10.6, as the case may be, as such amount may be reduced from time to time or (ii) the Pro Rata Share of such Bank of the Elected Borrowing Limit in effect from time to time.

"Consent and Amendment of Security Documents" shall mean the consent and amendment of security documents entered into by the Borrowers and the Agent pursuant to this Agreement in substantially the form of Exhibit A, as amended or modified from time to time.

"Consolidated" or "consolidated" shall mean, when used with reference to any financial term in this Agreement, the aggregate for two or more Persons of the amount signified by such term for all such Persons determined on a consolidated basis and in accordance with GAAP.

"Consolidated Interest Expense" shall mean, for any period, total interest and related expense (including, without limitation, that portion of any capitalized lease obligation attributable to interest expense in conformity with GAAP, amortization of debt discount, all capitalized interest, the interest portion of any deferred payment obligations, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing, the net costs and net payments under any interest rate hedging, cap or similar agreement or arrangement, prepayment charges, agency fees, administrative fees, commitment fees and capitalized transaction costs allocated to interest expense) and all dividends, payments or other distributions in respect to any class of Capital Stock or any dividend, payment or distribution in connection with the redemption, repurchase, defeasance, conversion, retirement or other acquisition, directly or indirectly, of any shares of Capital Stock (excluding any of the foregoing paid solely in shares of common stock of CRI) paid, payable or accrued during such period, without duplication for any period, with respect to all outstanding Indebtedness of CRI and its Subsidiaries and all Capital Stock of CRI, all as determined for CRI and its Subsidiaries on a consolidated basis for such period in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, the net income of CRI and its Subsidiaries for such period, determined in accordance with GAAP.

"Contingent Liabilities" of any Person shall mean, as of any date, all obligations of such Person or of others for which such Person is contingently liable, as obligor, guarantor, surety or in any other capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business and indemnifications typical and customary in the ordinary course of such Person's oil and gas business in connection with operating agreements and other

agreements executed in the ordinary course of such Person's oil and gas business), including without limitation all reimbursement obligations of such Person in respect of any letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such other Person.

"Continuing Directors" of any Person shall mean the directors of such Person on the Effective Date and each other director of such Person if such other director's nomination for election to the Board of Directors of such Person is recommended by a majority of the then Continuing Directors of such Board of Directors or the holders of the Preferred Stock or of shares issued in conversion or redemption of the Preferred Stock.

"Current Assets" and "Current Liabilities" shall mean all assets or liabilities of CRI and its Subsidiaries, on a consolidated basis respectively, which should be classified as current assets and current liabilities in accordance with GAAP; provided that the calculation of Current Assets shall not include receivables of the Borrowers owing by any Affiliate in excess of 120 days or subject to any dispute or offset or otherwise unacceptable, advances by the Borrowers to any Affiliate or any asset classified as a Current Asset solely because it is held for sale, and Current Liabilities shall not include the current maturities of any Indebtedness of any Borrower for borrowed money which by its terms has a final maturity more than one year from the date of any calculation of Current Liabilities.

"Default" shall mean any Event of Default or any event or condition which might become an Event of Default with notice or lapse of time or both.

"Disqualified Stock" shall mean any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part.

"Dollars" and "\$" shall mean the lawful money of the United States of America.

"EBITDA" shall mean, for any period, the Consolidated Net Income for such period taken as a single accounting period, plus, to the extent deducted in determining such Consolidated Net Income, all depreciation, amortization and depletion expense, and other non cash charges, Consolidated Interest Expense and income taxes, provided that in determining Consolidated Net Income as used in this definition the following shall be excluded, without duplication: (a) the income of any Person accrued prior to the date such Person is merged into or consolidated with a Borrower or such Person's assets are acquired by a Borrower, (b) the proceeds of any insurance policy, (c) gains or losses from the sale, exchange, transfer or other disposition of property or assets of any Borrower or any of their Subsidiaries and related tax effects in accordance with GAAP and (d) any extraordinary or non-recurring gains of any Borrower or any of their Subsidiaries, and related tax effects in accordance with GAAP.

"Effective Date" shall mean the effective date specified in the final paragraph of this Agreement.

"Environmental Laws" at any date shall mean all provisions of law, statute, ordinances, rules, regulations, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or any foreign government or by any state, province, municipality or other political subdivision thereof or therein or by any court, agency,

instrumentality, regulatory authority or commission of any of the foregoing concerning the protection of, or regulating the discharge of substances into, the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, together with any successor statute thereto and the regulations thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) which (i) together with the Borrowers or any Subsidiary, would be treated as a single employer under Section 414(b) or (c) of the Code or (ii) for purposes of liability under Section 412(C)(11) of the Code, the lien created under Section 412(n) of the Code or for a tax imposed for failure to meet minimum funding standards under Section 4971 of the Code, a member of the same affiliated service group (within the meaning of Section 401(m) of the Code) as the Borrowers or any Subsidiary, or any other trade or business described in clause (i) above.

"Elected Borrowing Limit" shall have the meaning ascribed thereto in Section 9.14(d).

"Eurodollar Base Rate" shall mean, with respect to a Eurodollar Loan for the relevant Eurodollar Interest Period, the rate determined by the Agent to be the rate at which First Chicago offers to place deposits in Dollars with first-class banks in the London interbank market at approximately 11 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period, in the approximate amount of First Chicago's relevant Eurodollar Loan and having a maturity approximately equal to such Eurodollar Interest Period.

"Eurodollar Interest Period" or "Interest Period" shall mean, with respect to a Eurodollar Loan, a period of one, two, three or six months commencing on a Business Day selected by the Borrowers pursuant to this Agreement. Such Eurodollar Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a Eurodollar Interest Period would otherwise end on a day which is not a Business Day, such Eurodollar Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Eurodollar Interest Period shall end on the immediately preceding Business Day.

"Eurodollar Loan" shall mean a Loan which bears interest at a Eurodollar Rate.

"Eurodollar Rate" shall mean, with respect to a Eurodollar Loan for the relevant Eurodollar Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to such Eurodollar Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Eurodollar Interest Period, plus (ii) the Applicable Margin.

"Event of Default" shall mean any of the events or conditions described in Section 8.1.

"Federal Funds Rate" shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a

Business Day, the average of the quotations at approximately 10 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"First Chicago" shall mean The First National Bank of Chicago, a national banking association, as a Bank under this Agreement.

"Floating Rate" shall mean the per annum rate equal to the sum of (a) with respect to Loans and any other amounts owing hereunder, the Applicable Margin, plus (b) the greater of (i) the per annum rate announced by the Agent from time to time as its "corporate base rate", and (ii) the sum of one-half percent (1/2%) per annum plus the Federal Funds Rate, such Floating Rate to change simultaneously with any change in such "corporate base rate" or Federal Funds Rate, as the case may be; all as conclusively determined in good faith by the Agent, such sum to be rounded up, if necessary, to the nearest whole multiple of 1/16 of 1%.

"Floating Rate Loan" shall mean any Loan bearing interest at the Floating Rate.

"GAAP" shall mean generally accepted accounting principles applied on a basis consistent with that reflected in the financial statements referred to in Section 6.7 hereof.

"Hydrocarbons" shall mean oil, gas casinghead, gas, drip gasoline, natural gas and condensates and all other liquid or gaseous hydrocarbons.

"Indebtedness" of any Person shall mean, as of any date, (a) all obligations of such Person for borrowed money, (b) all obligations which are secured by any lien or encumbrance existing on property owned by such Person whether or not the obligation secured thereby shall have been assumed by such Person, other than those obligations which are incurred in the ordinary course of business and are not required to be shown as a liability on a balance sheet in accordance with GAAP, (c) all obligations as lessee under any lease which, in accordance with GAAP, is or should be capitalized on the books of the lessee, (d) the deferred purchase price for goods, property or services acquired by such Person, and all obligations of such Person to purchase such goods, property or services where payment therefor is required regardless of whether or not delivery of such goods or property or the performance of such services is ever made or tendered, other than unsecured trade payables incurred in the ordinary course of business, (e) all obligations of such Person to advance funds to, or to purchase property or services from, any other Person in order to maintain the financial condition of such Person, (f) all obligations of such Person in respect of any interest rate or currency swap, rate cap or other similar transaction (valued in an amount equal to the highest termination payment, if any, that would be payable by such Person upon termination for any reason on the date of termination), and (g) all obligations of such Person or of others for which such Person is contingently liable, as guarantor, surety or in any other similar capacity, or in respect of which obligations such Person assures a creditor against loss or agrees to take any action to prevent any such loss (other than endorsements of negotiable instruments for collection in the ordinary course of business), including without limitation all reimbursement obligations of such Person in respect of any letters of credit, surety bonds or similar obligations and all obligations of such Person to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the condition, financial or otherwise, of such other Person.

"Indenture" shall mean the Indenture among CRI, any guarantors and trustee party thereto, dated as of the date hereof, as amended or modified from time to time, and relating to the Indenture Notes.

"Indenture Debt" shall mean all present and future Indebtedness and other liabilities owing pursuant to the Indenture Notes or any other Indenture Debt Document.

"Indenture Debt Documents" shall mean the Indenture, the Indenture Notes, all guarantees and all other agreements and documents executed in connection therewith at any time.

"Indenture Notes" shall mean the senior unsecured notes issued by CRI in the aggregate principal amount of at least \$150,000,000 due 2007 and issued pursuant to the Indenture.

"Interest Payment Date" shall mean (a) with respect to each Eurodollar Loan, the last day of each Eurodollar Interest Period with respect to such Eurodollar Loan and, in the case of any Eurodollar Interest Period exceeding three months, those days that occurred during such Eurodollar Interest Period at intervals of three months after the first day of such Eurodollar Interest Period, (b) in all other cases, the last Business Day of each month, commencing with the first such day after the Effective Date, and (c) the Termination Date with respect to Loans.

"Lending Installation" shall mean, with respect to a Bank or the Agent, any office, branch, subsidiary or affiliate of such Bank or the Agent.

"Letter of Credit" shall mean a standby letter of credit having a stated expiry date not later than twelve months after the date of issuance and not later than the fifth Business Day before the Termination Date, issued by the Agent on behalf of the Banks for the account of any Borrower under an application and related documentation acceptable to the Agent requiring, among other things, immediate reimbursement by the Borrowers to the Agent in respect of all drafts or other demand for payment honored thereunder and all expenses paid or incurred by the Agent relative thereto. Standby letters of credit which are automatically renewed annually unless revoked shall be considered standby letters of credit which have a stated expiry date not later than twelve months after their date of issuance for purposes of this definition.

"Letter of Credit Advance" shall mean any issuance of a Letter of Credit under Section 3.1 made pursuant to Section 2.1 in which each Bank acquires a risk participation equal to its Pro Rata Share.

"Letter of Credit Documents" shall have the meaning ascribed thereto in Section 3.3(b)(i).

"Lien" shall mean any pledge, assignment, hypothecation, mortgage, security interest, deposit arrangement, option, conditional sale or title retaining contract, sale and leaseback transaction, financing statement filing, lessor's or lessee's interest under any lease, subordination of any claim or right, or any other type of lien, charge, encumbrance, preferential arrangement or other claim or right.

"Loan" means any loan under Section 3.1 evidenced by the Notes and made pursuant to Section 2.1(a).

"Loan Documents" shall mean this Agreement, the Notes, the Security Documents, the environmental certificate and any other agreement, instrument or document executed at any time pursuant to, in connection with, or otherwise relating to this Agreement.

"Material Adverse Effect" shall mean a material adverse effect on or change in (a) the business, property (including without limitation the Collateral),

operations or condition, financial or otherwise, of the Borrowers on a consolidated basis, (b) the ability of any Borrower to perform its obligations under any Loan Document or (c) the validity or enforceability or the rights and remedies of the Agent or any Bank under any Loan Document.

"Monthly Borrowing Base Reductions" is defined in Section 9.14.

"Mortgages" shall have the meaning ascribed thereto in Section 5.1.

"Multiemployer Plan" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA or Section 414(f) of the Code.

"Note" shall mean any promissory note of the Borrowers evidencing the Loans, in substantially the form annexed hereto as Exhibit B, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement therefor.

"Oil and Gas Interests" shall mean all leasehold interests, mineral fee interests, overriding royalty and royalty interests, net revenue and net working interests and all other rights and interests relating to Hydrocarbons, including without limitation any reserves thereof.

"Overdue Rate" shall mean (a) in respect of principal of Floating Rate Loans, a rate per annum that is equal to the sum of three percent (3%) per annum plus the Floating Rate, (b) in respect of principal of Eurodollar Loans, a rate per annum that is equal to the sum of three percent (3%) per annum plus the per annum rate in effect thereon until the end of the then current Eurodollar Interest Period for such Loan and, thereafter, a rate per annum that is equal to the sum of three percent (3%) per annum plus the Floating Rate, and (c) in respect of other amounts payable by the Borrowers hereunder (other than interest), a per annum rate that is equal to the sum of three percent (3%) per annum plus the Floating Rate.

"PBGC" shall mean the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Liens" shall mean the Liens permitted by Section 7.2(e) hereof.

"Person" shall include an individual, a corporation, an association, a partnership, a trust or estate, a joint stock company, an unincorporated organization, a joint venture, a government (foreign or domestic), and any agency or political subdivision thereof, or any other entity.

"Plan" shall mean, with respect to any Person, any employee benefit or other plan (other than a Multiemployer Plan) maintained by such Person for its employees and covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Preferred Stock" shall mean the 1,948,001 shares of Series A 1999 Convertible Preferred Stock, Par Value \$10.00 (the "Series A Preferred"), and 1,051,999 shares of Series B 1999 Non-Convertible Preferred Stock, Par Value \$10.00 (the "Series B Preferred"), and including any Series B Preferred converted into Series A Preferred and any stock appreciation rights issued in connection with the Preferred Stock Documents.

"Preferred Stock Documents" shall mean the Preferred Stock and the stock purchase agreement and all other agreements and documents executed in connection therewith at any time.

"Pro Rata Share" shall mean, as to obligations of the Banks, the loan percentage set forth opposite its name on the signature pages hereof or otherwise established pursuant to Section 10.6, and as to obligations owing to the Banks, shall mean: (a) in the case of payments of principal and interest on the Loans, an amount with respect to each Bank equal to the product of such amount received multiplied by the ratio which the outstanding principal balance of its Note bears to the outstanding principal balance of all Notes, and (b) in the case of all other amounts payable hereunder (other than as otherwise noted with respect to fees) and other amounts, an amount with respect to each Bank equal to the product of such amount received multiplied by the ratio which the Commitment of such Bank bears to the Commitments of all Banks.

"Proved Developed Reserves" shall mean all Oil and Gas Interests which, to the satisfaction of the Agent, are estimated, with reasonable certainty, and as demonstrated by geological and engineering data acceptable to the Agent, to be economically recoverable from existing wells requiring no more than minor workover operations from existing completion intervals open for production and which are producing, and have proven reserves of, Hydrocarbons.

"Reportable Event" shall mean a reportable event as described in Section 4043(b) of ERISA including those events as to which the thirty (30) day notice period is waived under Part 2615 of the regulations promulgated by the PBGC under ERISA.

"Required Banks" shall mean Banks holding not less than 66-2/3% of the aggregate principal amount of the Advances then outstanding (or 66-2/3% of the Commitments if no Advances are then outstanding).

"Reserve Requirement" means, with respect to a Eurodollar Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on Eurocurrency liabilities.

"Security Agreements" shall have the meaning ascribed thereto in Section 5.1.

"Security Documents" shall have the meaning ascribed thereto in Section 5.1.

"Subsidiary" of any Person shall mean any other Person (whether now existing or hereafter organized or acquired) in which (other than directors qualifying shares required by law) at least a majority of the securities or other ownership interests of each class having ordinary voting power or analogous right (other than securities or other ownership interests which have such power or right only by reason of the happening of a contingency), at the time as of which any determination is being made, are owned, beneficially and of record, by such Person or by one or more of the other Subsidiaries of such Person or by any combination thereof. Unless otherwise specified, reference to "Subsidiary" shall mean a Subsidiary of CRI.

"Swap Agreement" shall mean any interest rate or oil and gas commodity swap agreement, interest cap or collar agreement or other financial agreement or arrangement designed to protect the Borrowers against fluctuations in interest rates or oil and gas prices.

"Tangible Net Worth" of any Person shall mean, as of any date, (a) the amount of any capital stock or similar ownership liability plus (or minus in the case of a deficit) the capital surplus and retained earnings of such Person and the amount of any foreign currency translation adjustment account shown as a capital account of such Person, less (b) the net book value of all items of the following character which are included in the assets of such Person: (i) goodwill, including without limitation, the excess of cost over book value of any asset, (ii) organization or experimental expenses, (iii) unamortized debt discount and expense, (iv) stock discount and expense, (v) patents, trademarks, trade names and copyrights, (vi) treasury stock, (vii) deferred taxes and deferred charges, (viii) franchises, licenses and permits, and (ix) all other assets which are deemed intangible assets under GAAP; provided, that such calculation of Tangible Net Worth under this definition shall not include receivables of such Person which are owing by any Affiliate or advances by such Person to any Affiliate.

"Termination Date" shall mean the earlier to occur of (a) December 9, 2002 and (b) the date on which the Commitments shall be terminated pursuant to Section 2.1(c) or 8.2.

"Total Liabilities" of any Person shall mean, as of any date, all obligations which, in accordance with GAAP, are or should be classified as liabilities on a balance sheet of such Person.

"Type" shall mean, with respect to any Advance, its nature as a Floating Rate Loan, Eurodollar Loan or Letter of Credit Advance.

"Year 2000 Issues" shall mean anticipated costs, problems and uncertainties associated with the inability of certain computer applications to effectively handle data including dates on and after January 1, 2000, as such inability affects the business, operations, and financial condition of the Borrowers.

1.2 Other Definitions; Rules of Construction. As used herein, the terms "Agent", "Banks", "CRI", "COG", "COGL", "Borrowers" and "this Agreement" shall have the respective meanings ascribed thereto in the introductory paragraph of this Agreement. Such terms, together with the other terms defined in Section 1.1, shall include both the singular and the plural forms thereof and shall be construed accordingly. All computations required hereunder and all financial terms used herein shall be made or construed in accordance with GAAP unless such principles are inconsistent with the express requirements of this Agreement.

SECTION 2. The Commitments.

2.1 Advances. (a) Each Bank agrees, for itself only, to lend and to relend, and to participate in Letter of Credit Advances pursuant to Section 3.1, in each case subject to the terms and conditions of this Agreement, to the Borrowers at any time and from time to time from the Effective Date until the Termination Date amounts equal to such Bank's Pro Rata Share of such aggregate Advances as any Borrower may from time to time request, provided that no Advances may be made if the aggregate outstanding amount of all Advances to all Borrowers would exceed the lesser of the Commitments or the Borrowing Base; provided, however, that the aggregate principal amount of Letters of Credit outstanding at any time shall not exceed \$5,000,000. Each Loan made hereunder shall be evidenced by the Notes, which shall mature and bear interest as set forth in Section 4 hereof and in such Notes. On the Effective Date, the Borrowers shall issue and deliver to each Bank a Note in the principal amount of such Bank's Commitment for the period beginning on the Effective Date. Each Loan which is a Floating Rate Loan shall be in a minimum amount of \$500,000 and in integral multiples of \$100,000 and each Loan which is a Eurodollar Loan shall be in a minimum amount of \$1,000,000 and in integral multiples of \$1,000,000. No more than ten Eurodollar Interest Periods shall be permitted to exist at any one time. Subject to the

terms and conditions of this Agreement, the Borrowers may borrow, prepay pursuant to Section 4.1(b) and reborrow under this Section 2.1(a).

(b) For purposes of this Agreement, a Letter of Credit Advance (i) shall be deemed outstanding in an amount equal to the sum of the maximum amount available to be drawn under the related Letter of Credit on or after the date of determination and on or before the stated expiry date thereof plus the amount of any draws under such Letter of Credit that have not been reimbursed as provided in Section 3.3 and (ii) shall be deemed outstanding at all times on and before such stated expiry date or such earlier date on which all amounts available to be drawn under such Letter of Credit have been fully drawn, and thereafter until all related reimbursement obligations have been paid pursuant to Section 3.3. As provided in Section 3.3, upon each payment made by the Agent in respect of any draft or other demand for payment under any Letter of Credit, the amount of any Letter of Credit Advance outstanding immediately prior to such payment shall be automatically reduced by the amount of each Loan deemed advanced in respect of the related reimbursement obligation of the Borrowers.

(c) The Borrowers shall have the right to terminate or reduce the Commitments at any time and from time to time, provided that (i) the Borrowers shall give notice of such termination or reduction to the Agent specifying the amount and effective date thereof, (ii) each partial reduction of the Commitments shall be in a minimum amount of \$1,000,000 and in integral multiples of \$1,000,000 and shall reduce the Commitments of all of the Banks proportionally in accordance with the respective Commitment amounts of each such Bank, (iii) no such termination or reduction, either in whole or part and including without limitation any termination, shall be permitted with respect to any portion of the Commitments as to which a request for Advances is then pending, and (iv) the Commitments may not be terminated if any Advances are then outstanding and may not be reduced below the principal amount of Advances then outstanding. The Commitments or any portion thereof so terminated or reduced may not be reinstated. Any Borrower may request Advances without the consent of any other Borrower, and each Borrower consents to and approves any Advances requested by any other Borrower. The Advances hereunder replace the revolving credit loans and letters of credit outstanding pursuant to Section 2.1(a) of the Existing Credit Agreement and provide additional credit as described above.

(d) This Agreement amends and restates the Existing Credit Agreement, and all Advances and Letters of Credit outstanding under the Existing Credit Agreement shall constitute Advances and Letters of Credit under this Agreement and all fees and other obligations accrued under the Existing Credit Agreement will continue to accrue and be paid under this Agreement. As stated in the Notes and the Consent and Amendment to Security Documents, the Advances and other obligations pursuant hereto are issued in exchange and replacement for the Advances and other obligations under an Existing Credit Agreement, shall not be a novation or satisfaction thereof and shall be entitled to the same collateral with the same priority.

SECTION 3. The Advances.

3.1 Disbursement of Advances. (a) Borrowers shall give notice to the Agent of each requested Advance in substantially the form of Exhibit C hereto, which notice given shall be received by the Agent not later than 10:00 a.m. (Chicago time), (i) three Business Days prior to the date such Advance is requested to be made if such Advance is to be made as a Eurodollar Loan, (ii) one Business Day prior to the date such Advance is requested to be made if such Advance is to be made as a Floating Rate Loan and (iii) three Business Days prior to the date such Advance is to be made if such Advance is to be made as a Letter of Credit Advance. Each such notice given shall be irrevocable and binding on the Borrowers, any such notice must specify the Advance Date, which shall be a Business Day, the aggregate amount of such Advance, the Type of Advance selected, in the case of any Eurodollar Loan, the Eurodollar Interest Period

applicable thereto, and in the case of any Letter of Credit Advance such other information and documents with respect thereto as may be required by the Agent. The Agent shall provide notice of such requested Advance to each Bank on the same Business Day such notice is received from the Borrowers. Subject to the terms and conditions of this Agreement, the Agent shall, on the date any Letter of Credit Advance is requested to be made, issue the related Letter of Credit on behalf of the Banks for the account of the designated Borrower. Notwithstanding anything herein to the contrary, the Agent may decline to issue any requested Letter of Credit on the basis that the beneficiary, the purpose of issuance or the terms or the conditions of drawing are illegal or contrary to a policy of the Agent.

(b) Floating Rate Loans shall continue as Floating Rate Loans unless and until such Floating Rate Loans are converted into Eurodollar Loans. Each Eurodollar Loan of any Type shall continue as a Eurodollar Loan of such Type until the end of the then applicable Interest Period therefor, at which time such Eurodollar Loan shall be automatically converted into a Floating Rate Loan unless the Borrower shall have given the Agent a Conversion/Continuation Notice requesting that, at the end of such Interest Period, such Eurodollar Loan either continue as a Eurodollar Loan for the same or another Interest Period or be converted into a Loan of another Type. Subject to the terms of Section 2.1, the Borrower may elect from time to time to convert all or any part of a Loan of any Type into any other Type or Types of a Loan; provided that any conversion of any Eurodollar Loan shall be made on, and only on, the last day of the Interest Period applicable thereto. The Borrowers shall give the Agent irrevocable notice (a "Conversion/Continuation Notice") of each conversion of a Loan or continuation of a Eurodollar Loan not later than 10:00 a.m. (Chicago time) at least one Business Day, in the case of a conversion into a Floating Rate Loan, or three Business Days, in the case of a conversion into or continuation of a Eurodollar Loan, prior to the date of the requested conversion or continuation, specifying:

(i) the requested date, which shall be a Business Day, of such conversion or continuation,

(ii) the aggregate amount and Type of the Loan which is to be converted or continued, and

(iii) the amount and Type(s) of Loan(s) into which such Loan is to be converted or continued and, in the case of a conversion into or continuation of a Eurodollar Loan, the duration of the Interest Period applicable thereto.

(c) Subject to the terms and conditions of this Agreement, the proceeds of such requested Loan shall be made available to the Borrowers by depositing the proceeds thereof, in immediately available funds, on the Advance Date for such Loan in an account maintained and designated by the Borrowers at the principal office of the Agent. Each Bank, on the Advance Date of each such Loan shall make its Pro Rata Share of such Loan available in immediately available funds at the principal office of the Agent for disbursement to the Borrowers. Unless the Agent shall have received notice from any Bank prior to the date of any requested Loan under this Section 3.1 that such Bank will not make available to the Agent such Bank's Pro Rata Share, the Agent may assume that such Bank has made such share available to the Agent on the Advance Date of such Loan in accordance with this Section 3.1(b). If and to the extent such Bank shall not have so made such Pro Rata Share available to the Agent, the Agent may (but shall not be obligated to) make such amount available to the Borrowers on the relevant Advance Date, and such Bank agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount is made available to the Borrowers by the Agent until the date such amount is paid to the Agent, at the Federal Funds Rate. If such Bank shall pay to the Agent such amount, such amount so paid shall constitute a Loan by such Bank as a part of such borrowing for purposes of this Agreement. The failure of any Bank to make its Pro Rata Share of any such Loan available to the Agent

shall not relieve any other Bank of its obligations to make available its Pro Rata Share of such Loan on the Advance Date of such Loan, but no Bank shall be responsible for failure of any other Bank to make such Pro Rata Share available to the Agent on the Advance Date of any such Loan.

(d) Each Bank may book its Loans at any Lending Installation selected by such Bank and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Bank for the benefit of such Lending Installation. Each Bank may, by written or telex notice to the Agent and the Borrowers, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

(e) Nothing in this Agreement shall be construed to require or authorize any Bank to issue any Letter of Credit, it being recognized that the Agent has the sole obligation under this Agreement to issue Letters of Credit on behalf of the Banks, and the Commitment of each Lender with respect to Letter of Credit Advances is expressly conditioned upon the Agent's performance of such obligations. Upon such issuance by the Agent, each Bank shall automatically and unconditionally acquire a risk participation interest to the extent of its Pro Rata Share in such Letter of Credit Advance based on its respective Commitment. If the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Agent shall provide notice thereof to each Bank on the date such draft or demand is honored unless the Borrowers shall have satisfied their reimbursement obligation under Section 3.3 by payment to the Agent on such date. Each Bank, not later than the Business Day after the Agent shall have given the notice specified in the previous sentence, shall make its Pro Rata Share of the amount paid by the Agent available in immediately available funds at the principal office of the Agent for the account of the Agent. If and to the extent such Bank shall not have made any required Pro Rata Share amount available to the Agent or made its portion of Loan available pursuant to Section 3.3(a)(i), such Bank and the Borrowers severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such amount was paid by the Agent until such amount is so made available to the Agent at (i) the interest rate then applicable to Floating Rate Loans for such day in the case of the Borrowers and (ii) the rate per annum equal to the Federal Funds Rate for the first five days, and thereafter at the interest rate applicable to Floating Rate Loans, in the case of any Bank. If such Bank shall pay such amount to the Agent together with such interest, such amount so paid shall constitute a Loan by such Bank as part of the Loans disbursed in respect of the reimbursement obligation of the Borrowers under Section 3.3 for purposes of this Agreement. The failure of any Bank to make its Pro Rata Share of any such amount paid by the Agent available to the Agent shall not relieve any other Bank of its obligation to make available its Pro Rata Share of such amount, but no Bank shall be responsible for failure of any other Bank to make such Pro Rata Share available to the Agent.

3.2 Conditions of Advances. The Banks and the Agent shall not be obligated to make any Advance hereunder at any time unless:

(a) On the Effective Date, which may not be after May 14, 1999, there shall have been delivered to each Bank the following documents, in form and substance satisfactory to the Agent and the following additional conditions shall have been satisfied:

(i) The favorable opinion of such counsel for the Borrowers as shall be approved by the Required Banks, with respect to the matters as requested by the Banks, all in form and substance satisfactory to the Required Banks;

(ii) certified copies of such corporate documents of each Borrower, including each Borrower's articles of incorporation, by-laws and a

good standing certificate, and such documents evidencing necessary corporate action with respect to this Agreement, the Loans, the Notes and the Security Documents, and certifying to the incumbency of, and attesting to the genuineness of the signatures of, those officers authorized to act on behalf of each Borrower, as the Banks shall request;

(iii) the Security Documents required as of the Effective Date under Section 5.1 duly executed on behalf of the Borrowers, together with evidence of the recordation, filing and other action in such jurisdictions as the Banks may deem necessary or appropriate with respect to the Security Documents and evidence of the first-priority of the Banks' liens and security interests under the Security Documents, subject only to Permitted Liens, including without limitation such additional mortgages, security agreements, pledge agreements, other documents and opinions of counsel required by the Banks and original stock certificates and assignments separate from certificate of each Person whose stock is required to be pledged;

(iv) the Notes duly executed on behalf of the Borrowers, and it is acknowledged and agreed that the Notes: (A) are issued in exchange and replacement for the promissory notes issued pursuant to the Existing Credit Agreement, (B) shall not be deemed a novation or to have satisfied such promissory notes and (C) evidence the same indebtedness evidenced by such promissory notes plus additional indebtedness;

(v) the Consent and Amendment of Security Documents duly executed by the Borrowers;

(vi) Payment of such fees agreed to among the Borrowers and the Agent;

(vii) the execution by the Borrowers of the Agent's standard environmental certificate;

(viii) the Banks shall have determined that the Loans to be made are equal to or less than the Borrowing Base;

(ix) copies of all agreements relating to any material Indebtedness for borrowed money, any outstanding preferred stock, any joint ventures or partnerships or any other material documents requested by the Banks;

(x) the originals of all promissory notes payable to any Borrower, other than promissory notes in an aggregate amount less than \$1,000,000;

(xi) (A) The Borrowers shall deliver evidence satisfactory to the Agent that the Borrowers have issued the Indenture Notes in a face amount of not less than \$150,000,000 in accordance with the Indenture Debt Documents and the Preferred Stock in an amount of not less than \$30,000,000 in accordance with the Preferred Stock Documents and that all net proceeds (net of customary fees and expenses in connection therewith) of each of the foregoing shall have been used to prepay the advances and other liabilities under the Existing Credit Agreement, (B) all Indenture Debt Documents and the Preferred Stock Documents shall have been delivered to the Agent and the Banks and shall be in form and substance satisfactory to the Agent and (C) all transactions contemplated pursuant to the Indenture Debt Documents and the Preferred Stock Documents shall have been completed; and

(xii) such other agreements, documents, conditions and certificates as reasonably requested by the Banks, including without limitation, releases and terminations of all other Liens which are not permitted hereunder and amendments of existing Security Documents, all in form and substance satisfactory to the Banks.

(b) The aggregate outstanding principal amount of all Advances after giving effect to the proposed Advance, does not exceed the lesser of the Commitments or the Borrowing Base.

(c) On and as of the date of each such Advance, the representations and warranties contained in Section 6 hereof shall be true and correct in all material respects as if made on such date; provided, however, that for purposes of this Section 3.2(c) the representations and warranties contained in Section 6.7 hereof shall be deemed made with respect to both the financial statements referred to therein and the most recent financial statements delivered pursuant to Section 7.1(d)(ii) and (iii).

(d) No Default or event or condition which could cause a Material Adverse Effect has occurred and is continuing or will exist upon the disbursement of such Advance.

Acceptance of the proceeds of any Advance hereunder by the Borrowers shall be deemed to be a certification by the Borrowers at such time with respect to the matters set forth in subparagraphs (b), (c) and (d) of this Section 3.2.

3.3 Letter of Credit Reimbursement Payments. (a)(i) The Borrowers agree to pay to the Agent, on the day on which the Agent shall honor a draft or other demand for payment presented or made under any Letter of Credit, an amount equal to the amount paid by the Agent in respect of such draft or other demand under such Letter of Credit and all expenses paid or incurred by the Agent relative thereto. Unless the Borrowers shall have made such payment to the Agent on such day, upon each such payment by the Agent, the Agent shall be deemed to have disbursed to the Borrowers, and the Borrowers shall be deemed to have elected to satisfy the reimbursement obligation by borrowing, a Loan bearing interest at the Floating Rate for the account of the Banks in an amount equal to the amount so paid by the Agent in respect of such draft or other demand under such Letter of Credit. Such Loan shall be disbursed, and each Bank shall advance its Pro Rata Share thereof, notwithstanding any failure to satisfy any conditions for disbursement of any Loan set forth in Article III or any other condition and, to the extent of the Loan so disbursed, the reimbursement obligation of the Borrowers under this Section 3.3 shall be deemed satisfied; provided, however, that such disbursement shall not be deemed to be a waiver of any Event of Default or Default, if any.

(ii) If for any reason (including without limitation as a result of the occurrence of an Event of Default pursuant to Section 6.1(h)), Floating Rate Loans may not be made by the Banks as described in Section 3.3(a)(i), then (A) the Borrowers agree that each reimbursement amount not paid pursuant to the first sentence of Section 3.3(a)(i) shall bear interest, payable on demand by the Agent, at the interest rate then applicable to Floating Rate Loans, and (B) effective on the date each such Floating Rate Loan would otherwise have been made, each Bank severally agrees that it shall unconditionally and irrevocably, without regard to the occurrence of any Default or Event of Default, in lieu of a deemed disbursement of Loans, to the extent of such Bank's Pro Rata Share, purchase a participating interest in each reimbursement amount. Each Bank will immediately transfer to the Agent, in same day funds, the amount of its participation. Each Bank shall share in accordance with its Pro Rata Share (calculated by reference to the Commitments) in any interest which accrues thereon and in all repayments thereof. If and to the extent that any Bank shall not have so made the amount of such participating interest available to the Agent, such Bank and the Borrowers agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand

by the Agent until the date such amount is paid to the Agent, at (x) in the case of the Borrowers, the interest rate then applicable to Floating Rate Loans and (y) in the case of such Bank, the Federal Funds Rate for the first five days, and thereafter the interest rate applicable to Floating Rate Loans.

(b) The reimbursement obligations of the Borrowers under this Section 3.3 shall be absolute, unconditional and irrevocable and shall remain in full force and effect until all obligations of the Borrowers to the Agent and the Banks hereunder shall have been satisfied, and such obligations of the Borrowers shall not be affected, modified or impaired upon the happening of any event, including without limitation, any of the following, whether or not with notice to, or the consent of, the Borrowers:

(i) Any lack of validity or enforceability of any Letter of Credit or any documentation relating to any Letter of Credit or to any transaction related in any way to such Letter of Credit (the "Letter of Credit Documents");

(ii) Any amendment, modification, waiver or consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to any of the Letter of Credit Documents.

(iii) The existence of any claim, setoff, defense or other right which the Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent or any Bank or any other person or entity, whether in connection with any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;

(iv) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) Payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(vi) Any failure, omission, delay or lack on the part of the Agent or any Bank or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Agent, any Bank or any such party under this Agreement or any of the Letter of Credit Documents, or any other acts or omissions on the part of the Agent, any Bank or any such party; or

(vii) Any other event or circumstance that would, in the absence of this clause, result in the release or discharge by operation of law or otherwise the Borrowers from the performance or observance of any obligation, covenant or agreement contained in this Section 3.3. No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which the Borrowers have or may have against the beneficiary of any Letter of Credit shall be available hereunder to the Borrowers against the Agent or any Bank. Nothing in this Section 3.3 shall limit the liability, if any, of the Borrowers to the Banks pursuant to Section 10.5(b).

3.4. Withholding Tax Exemption. At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Bank, each Bank that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the

Borrowers and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Bank is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Bank which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Borrowers and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrowers or the Agent, in each case certifying that such Bank is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank advises the Borrowers and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

SECTION 4. Payment and Prepayment; Fees; Change in Circumstances.

4.1 Principal Payments.

(a) Unless earlier payment is required under this Agreement, the Borrowers shall pay the entire outstanding principal amount of the Advances on the Termination Date.

(b) The Borrowers may from time to time prepay all or a portion of the Advances without premium or penalty, provided, however, that (i) the Borrowers shall have given not less than one Business Day's prior written notice thereof to the Agent, (ii) other than mandatory payments, each such prepayment, in the case of prepayment of Floating Rate Loans, shall be in the minimum amount of \$500,000 and in integral multiples of \$100,000 and, in the case of prepayment of Eurodollar Loans, shall be in the minimum amount of \$1,000,000 and in integral multiples thereof, (iii) any prepayment of any Eurodollar Loan shall be accompanied by any amount required pursuant to Section 4.10.

(c) If it should be determined by the Agent at any time and from time to time that the principal amount of the Advances exceed the lesser of the then Borrowing Base or the Commitments (such condition defined herein as a "Borrowing Base Deficiency"), the Borrowers shall within thirty (30) days of written notice to the Borrowers of such Borrowing Base Deficiency, in addition to all other payments of principal and interest required to be paid on the Advances, prepay upon demand and without premium or penalty the Advances in an amount by which, in the determination of the Agent, such aggregate principal amount outstanding exceeds the lesser of the then Borrowing Base or the Commitments, provided that such prepayment shall be made first on the Loans and if the Loans are paid in full and such excess still exists, the Borrowers shall provide cash collateral for any outstanding Letters of Credit to the extent of such remaining excess.

(d) In addition to all other payments required hereunder, upon any sale or other disposition of any assets when a Default exists, or if such sale or other disposition would cause a Default or would cause a required prepayment of, or offer to purchase, the Indenture Notes, the Borrowers shall prepay the Advances by an amount equal to 100% of the net proceeds (net only of reasonable and customary costs of such sale or other disposition) of such sale or disposition, which prepayment is due upon receipt of such net proceeds.

(e) In addition to all other payments required hereunder, upon any sale or other disposition of any assets when a Borrowing Base Deficiency exists, or if such sale or other disposition would cause a Borrowing Base Deficiency, the Borrower shall prepay the Advances by the amount of the Borrowing Base Deficiency from the net proceeds (net only of any reasonable and customary costs of such sale or other disposition) of such sale or disposition, which prepayment is due upon receipt of such net proceeds.

Unless specified as a determination to be made by all Banks, all determinations made pursuant to this Section 4.1 shall be made by the Agent or the Required Banks, as the case may be, and shall be conclusively binding on the parties absent manifest error.

4.2 Interest Payment. (a) The Borrowers shall pay interest to the Banks on the unpaid principal amount of each Loan for the period commencing on the date such Loan is made until such Loan is paid in full, on each Interest Payment Date and at maturity (whether at stated maturity, by acceleration or otherwise), and thereafter on demand, at the following rates per annum: (i) during such periods that such Loan is a Floating Rate Loan, the Floating Rate, and (ii) during such periods that such Loan is a Eurodollar Loan, the Eurodollar Rate applicable to such Loan for each related Eurodollar Interest Period.

(b) Notwithstanding the foregoing paragraph (a), the Borrowers hereby agree, if requested by the Required Banks, to pay interest on demand at the Overdue Rate on the outstanding principal amount of any Loan and any other amount payable by the Borrowers hereunder (other than interest) upon and during the continuance of any Default.

4.3 Fees. (a) The Borrowers agree to pay to the Agent, for the pro rata account of the Banks in accordance with their Pro Rata Shares, a commitment fee computed at the per annum rate equal to the Applicable Margin on the amount by which the Borrowing Base exceeds the aggregate outstanding principal amount of the Advances for the period from the Effective Date until the Termination Date. Such fee shall be paid quarterly in arrears on the last Business Day of each March, June, September and December and on the Termination Date.

(b) The Borrowers agree (i) to pay to the Agent, for the benefit of the Banks, a fee computed at the Applicable Margin on the maximum amount available to be drawn under each Letter of Credit at the time such fee is to be paid for the period from and including the date of issuance of such Letter of Credit to and including the stated expiry date of such Letter of Credit, and (ii) to pay an additional fee to the Agent for its own account computed at the rate of 0.25% per annum on such maximum amount for such period. Such fees shall be payable each month in advance, payable on the date of the issuance of any Letter of Credit and each month thereafter. Such fees are nonrefundable and the Borrowers shall not be entitled to any rebate of any portion thereof if such Letter of Credit does not remain outstanding through the date for which such fees have been paid. The Borrowers further agree to pay to the Agent, on demand, such other customary administrative fees, charges and expenses of the Agent in respect of the issuance, negotiation, acceptance, amendment, transfer and payment of each Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is issued.

(c) The Borrowers agree to pay to the Agent, for the pro rata benefit of the Banks, an upfront fee equal to 0.50% of the amount of the Commitment of each Bank, payable on the Effective Date.

(d) The Borrowers agree to pay to the Agent agency and servicing fees for its services under this Agreement in such amounts as it may from time to time be agreed upon between the Borrowers and the Agent, which fee shall be retained solely by the Agent.

4.4 Payment Method. All payments to be made by the Borrowers hereunder will be made in Dollars and in immediately available funds to the Agent at its address set forth in Section 10.2 not later than 11:00 a.m. Chicago time on the date on which such payment shall become due. Payments received after 11:00 a.m. Chicago time shall be deemed to be payments made prior to 11:00 a.m. Chicago time on the next succeeding Business Day. At the time of making each such payment, the Borrowers shall specify to the Agent that obligation of the Borrowers hereunder to which such payment is to be applied, or, in the event that the Borrowers fail to so specify or if an Event of Default shall have occurred and be continuing, the Agent may apply such payments as it may determine in its sole discretion. On the day such payments are received, the Agent shall remit to the Banks their respective Pro Rata Shares of such payments, in immediately available funds.

4.5 No Setoff or Deduction. All payments of principal of and interest on the Advances and other amounts payable by the Borrowers hereunder shall be made by the Borrowers without setoff or counterclaim, and free and clear of, and without deduction or withholding for, or on account of, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature, imposed by any governmental authority, or by any department, agency or other political subdivision or taxing authority.

4.6 Payment on Non-Business Day; Payment Computations. Except as otherwise provided in this Agreement to the contrary, whenever any installment of principal of, or interest on, any Advances outstanding hereunder or any other amount due hereunder, becomes due and payable on a day which is not a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of any installment of principal, interest shall be payable thereon at the rate per annum determined in accordance with this Agreement during such extension. Computations of interest and other amounts due under this Agreement shall be made on the basis of a year of 360 days for the actual number of days elapsed, including the first day but excluding the last day of the relevant period.

4.7. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any interpretation thereof, or the compliance of any Bank therewith,

- (i) subjects any Bank or any applicable Lending Installation to any tax, duty, charge or withholding on or from payments due from the Borrowers (excluding federal taxation of the overall net income of any Bank or applicable Lending Installation), or changes the basis of taxation of payments to any Bank in respect of its Loans or other amounts due it hereunder, or

- (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Loans), or

- (iii) imposes any other condition the result of which is to increase the cost to any Bank or any applicable Lending Installation of making, funding or maintaining loans or reduces any amount receivable by any Bank or any applicable Lending Installation in connection with loans, or requires any Bank or any applicable Lending Installation to make any payment calculated by reference to the amount of loans held or interest received by it, by an amount

deemed material by such Bank, then, within 30 days of demand by such Bank, the Borrowers shall pay such Bank that portion of such increased expense incurred or reduction in an amount received which such Bank determines is attributable to making, funding and maintaining its Loans and its Commitment.

4.8. Changes in Capital Adequacy Regulations. If a Bank determines the amount of capital required or expected to be maintained by such Bank, any Lending Installation of such Bank or any corporation controlling such Bank is increased as a result of a Change, then, within 15 days of demand by such Bank, the Borrowers shall pay such Bank the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Bank determines is attributable to this Agreement, its Advances or its Commitment (after taking into account such Bank's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Bank or any Lending Installation or any corporation controlling any Bank. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

4.9. Availability of Types of Advances. If any Bank determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Banks determine that (i) deposits of a type and maturity appropriate to match fund Eurodollar Loans are not available or (ii) the interest rate applicable to a Type of Advance does not accurately reflect the cost of making or maintaining such Advance, then the Agent shall suspend the availability of the affected Type of Advance and require any Eurodollar Loans of the affected Type to be repaid.

4.10. Funding Indemnification. If any payment of a Eurodollar Loan occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Loan is not made on the date specified by the Borrowers for any reason other than default by the Banks, the Borrowers will indemnify each Bank for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Loan.

4.11. Bank Statements; Survival of Indemnity. To the extent reasonably possible, each Bank shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Borrowers to such Bank under Sections 4.7 and 4.8 or to avoid the unavailability of a Type of Advance under Section 4.9, so long as such designation is not disadvantageous to such Bank. Each Bank shall deliver a written statement of such Bank to the Borrowers (with a copy to the Agent) as to the amount due, if any, under Sections 4.7, 4.8 or 4.10. Such written statement shall set forth in reasonable detail the calculations upon which such Bank determined such amount and shall be final, conclusive and binding on the Borrowers in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Bank funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Bank shall be

payable on demand after receipt by the Borrowers of such written statement. The obligations of the Borrowers under Sections 4.7, 4.8 and 4.10 shall survive payment of the Bank Obligations and termination of this Agreement.

SECTION 5. Security

5.1 Security Documents. To secure all indebtedness, obligations and liabilities under this Agreement, the Notes, the Security Documents, the Advances, any Swap Agreements among any Borrower and any Lender and to secure all other Indebtedness and obligations of the Borrowers to the Agent and the Banks pursuant thereto, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, the Borrowers shall:

(a) Execute and deliver to the Agent, promptly upon the request of the Agent or the Required Banks, such indentures of mortgage, deeds of trust, security agreements, financing statements and assignment of production and other agreements, including without limitation any amendments to any such documents previously executed and delivered in favor of the Agent or any Bank (as amended or modified from time to time, the "Mortgages" and together with the Security Agreements, and all agreements and documents described in this Section 5.1(a) or in 5.1(b) or 5.2 and all other agreements and documents securing any of the Bank Obligations at any time or otherwise executed by any Borrower with or in favor of the Agent and the Banks, and including without limitation the Letter of Credit Documents, as amended or modified from time to time, the "Security Documents"), in form and substance satisfactory to the Required Banks, granting the Agent, for the benefit of the Banks, a first-priority, perfected and enforceable lien and security interest, subject only to the Permitted Liens, in the following (collectively, with all other assets described in Section 5.1(b), the "Collateral"): all oil, gas and mineral properties and all other assets of the Borrowers as requested at any time by the Required Banks, including without limitation all leasehold and royalty interests and all other rights in connection therewith, and all interests in machinery, equipment, materials, improvements, hereditaments, appurtenances and other property, real, Personal and/or mixed, now or hereafter a part of or obtained in or used in connection with such properties and all interests in and to any and all oil, gas and other minerals now in storage or now or hereafter located in, under, on or produced from, such properties and an assignment of production from such properties to the Agent;

(b) Execute and deliver to the Agent, on or before the Effective Date, such security agreements, pledge agreements, financing statements and other agreements, including without limitation the Consent and Amendment of Security Documents confirming the continuing effectiveness of Security Documents previously executed and delivered to the Agent or any Bank (as amended or modified from time to time, the "Security Agreements"), in form and substance satisfactory to the Required Banks, granting to the Agent, for the benefit of the Banks, a first-priority, perfected and enforceable lien and security interest, subject only to the Permitted Liens, in all other assets, whether real, personal or mixed, and whether now owned or hereafter existing and wherever located, of the Borrowers.

5.2 Additional Security Documents. If at any time requested by the Agent or the Required Banks, the Borrowers shall execute and deliver such additional documents, and shall take such other action, as the Agent or the Required Banks may reasonably consider necessary or proper to evidence or perfect the liens and security interests described in Section 5.1 hereof.

SECTION 6. Representations and Warranties.

Each of the Borrowers represents and warrants that:

6.1 Corporate Existence and Power. It is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and is duly qualified to do business and in good standing in each additional jurisdiction where failure to so qualify would have a Material Adverse Effect. It has all requisite corporate power to own its properties and to carry on its business as now being conducted and as proposed to be conducted, and to execute and deliver this Agreement, the Notes and the Security Documents and to engage in the transactions contemplated by this Agreement, the Notes and the Security Documents.

6.2 Corporate Authority. The execution, delivery and performance by it of this Agreement, the Notes and the Security Documents are within its corporate powers, have been duly authorized by all necessary corporate action and are not in contravention of any law, rule or regulation, or any judgment, decree, writ, injunction, order or award of any arbitrator, court or governmental authority, or of the terms of its charter or by-laws, or of any contract or undertaking to which it is a party or by which it or its property may be bound or affected.

6.3 Binding Effect. This Agreement is, and the Notes and the Security Documents to which it is a party when delivered hereunder will be, legal, valid and binding obligations of each Borrower, enforceable against each in accordance with their respective terms.

6.4 Subsidiaries. All Subsidiaries of CRI are duly organized, validly existing and in good standing under the laws of their jurisdictions of organization and are duly qualified to do business in each jurisdiction where failure to so qualify would have a Material Adverse Effect. All outstanding shares of Capital Stock of each class of each Subsidiary of CRI have been and will be validly issued and are and will be fully paid and nonassessable and are and will be owned, beneficially and of record, by CRI, free and clear of any Liens. Schedule 6.4 is a complete list of all Subsidiaries of CRI. COG is and will remain a wholly owned subsidiary of CRI and COGL is and will remain a wholly owned subsidiary of COG, and Offshore is and will remain a wholly owned subsidiary of COGL.

6.5 Liens. The properties of each Borrower and each Subsidiary of any Borrower (including without limitation the Collateral) are not subject to any Lien except Permitted Liens.

6.6 Litigation. There is no action, suit or proceeding pending or, to the best of its knowledge, threatened against or affecting it before or by any court, governmental authority, or arbitrator which would be reasonably likely to result in, either individually or collectively, a Material Adverse Effect and, to the best of the Borrowers' knowledge, there is no basis for any such action, suit or proceeding.

6.7 Financial Condition. The consolidated balance sheet of CRI and its Subsidiaries and the consolidated statements of income and cash flow of CRI and its Subsidiaries for the fiscal year ended December 31, 1998 and reported on by Arthur Andersen, LLP, copies of which have been furnished to the Banks, fairly present, and the financial statements of CRI and its Subsidiaries to be delivered pursuant to Section 7.1(d) will fairly present, the consolidated financial position of CRI and its Subsidiaries as of the respective dates thereof, and the consolidated results of operations of CRI and its Subsidiaries for the respective periods indicated, all in accordance with generally accepted accounting principles consistently applied. There has been no event or

development which has had or would be reasonably likely to have a Material Adverse Effect since December 31, 1998. There is no material Contingent Liability of CRI or any of its Subsidiaries that is not reflected in such financial statements or in the notes thereto.

6.8 Use of Advances. The Advances will be used for working capital and general corporate purposes. No Borrower extends or maintains, in the ordinary course of business, credit for the purpose, whether immediate, incidental, or ultimate, of buying or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of each Advance will be used for the purpose, whether immediate, incidental, or ultimate, of buying or carrying any such margin stock or maintaining or extending credit to others for such purpose. After applying the proceeds of the Advances, such margin stock will not constitute more than 25% of the value of the assets that are subject to any provisions of this Agreement or any Security Document that may cause the Advances to be secured, directly or indirectly by margin stock.

6.9 Security Documents. The Security Documents create a valid and enforceable first-priority lien on and perfected security interest in all right, title and interest of each Borrower in and to the Collateral described therein, securing all amounts intended to be secured thereby (including without limitation all principal of and interest on the Notes) subject only to the Permitted Liens. The respective net revenue interests of each Borrower in and to the Oil and Gas Interests as set forth in the Security Documents are true and correct and accurately reflect the interests to which each Borrower is legally entitled, subject only to the Permitted Liens.

6.10 Consents, Etc. No consent, approval or authorization of or declaration, registration or filing with any governmental authority or any nongovernmental Person or entity, including without limitation any creditor or stockholder of it, is required on the part of it in connection with the execution, delivery and performance of this Agreement, the Notes, the Security Documents or the transactions contemplated hereby or as a condition to the legality, validity or enforceability of this Agreement, the Notes or any of the Security Documents.

6.11 Taxes. It has filed all tax returns (federal, state and local) required to be filed and has paid all taxes shown thereon to be due, including interest and penalties, or has established adequate financial reserves on its books and records for payment thereof, except where the failure to do so would not have a Material Adverse Effect.

6.12 Title to Properties. It has good and defensible title to, and a valid indefeasible ownership interest in, all of its properties and assets (including, without limitation, the Collateral subject to the Security Documents) free and clear of any Lien except the Permitted Liens, and it is the owner of all the Collateral described in the Security Documents to which it is a party. All wells on any of the mortgaged premises have been drilled, operated, shut-in, abandoned or suspended in accordance with good oil and gas field practices and in compliance with all applicable laws, permits, statutes, orders, licenses, rules and regulations. All leases with respect to any Oil and Gas Interests owned by any Borrower are in good standing and are in full force and effect, all royalties, rents, taxes, assessments and other payments thereunder or with respect thereto have been properly and timely paid and all conditions necessary to keep such leases in full force have been fully performed, including without limitation any condition to maintain continuous production or other activity with respect thereto. The Borrowers have delivered to the Agent title opinions satisfactory to the Agent and the Agent's counsel with respect to at least 80% of the value of the assets included in the Borrowing Base.

6.13 ERISA. CRI and its Subsidiaries and their Plans are in compliance in all material respects with those provisions of ERISA and of the Code which are

applicable with respect to any Plan. No prohibited transaction (as defined in Section 406 of ERISA and Section 9975 of the Code) and no reportable event (as defined in ERISA) has occurred with respect to any Plan. Neither CRI, any of its Subsidiaries nor any of its ERISA Affiliates is an employer with respect to any multiemployer plan (as defined in Section 4001(a)(3) of ERISA). CRI, its Subsidiaries and the ERISA Affiliates have met the minimum funding requirements under ERISA and the Code with respect to each of the respective Plans, if any, and have not incurred any liability to the PBGC or any Plan. There is no unfunded benefit liability with respect to any Plan.

6.14 Environmental and Safety Matters. It is in compliance in all material respects with all federal, state and local laws, ordinances and regulations relating to safety and industrial hygiene or to the environmental condition, including without limitation all Environmental Laws in jurisdictions in which it owns any interest in or operates, a well, a facility or site, or arranges for disposal or treatment of hazardous substances, solid waste, or other wastes, accepts for transporting any hazardous substances, solid waste, or other wastes, or holds any interest in real property or otherwise, except where any such noncompliance would not have a Material Adverse Effect. No demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or entity or otherwise, arising under, relating to or in connection with any Environmental Laws is pending or, to the best of any Borrower's knowledge, threatened against it, any real property in which it holds or has held an interest or any past or present operation of it. It (a) does not know of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic substances, radioactive materials, hazardous wastes or related materials into the environment, (b) has not received any notice of any toxic substances, radioactive materials, hazardous waste or related materials in, or upon any of its properties in violation of any Environmental Laws, and (c) does not know of any basis for any such investigation, notice or violation. No material release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring or has occurred on, under or to any real property in which it holds any interest or performs any of its operations, in violation of any Environmental Law which would have a Material Adverse Effect.

6.15 Direct Benefit. The initial Advances hereunder and all additional Advances are for the direct benefit of each of the Borrowers, and the initial Advances hereunder are used to refinance and replace indebtedness owing, directly or indirectly, by the Borrowers to the Banks under the Existing Credit Agreement. The Borrowers are engaged as an integrated group in the business of oil and gas exploration and related fields, and any benefits to any Borrower is a benefit to all of them, both directly or indirectly, inasmuch as the successful operation and condition of the Borrowers is dependent upon the continued successful performance of the functions of the integrated group as a whole.

6.16 Solvency. Each of the following is true for each Borrower and the Borrowers on a consolidated basis: (a) the fair saleable value of its property is (i) greater than the total amount of its liabilities (including contingent liabilities), and (ii) greater than the amount that would be required to pay its probable aggregate liability on its then existing debts as they become absolute and matured; (b) its property is not unreasonable in relation to its business or any contemplated or undertaken transaction; and (c) it does not intend to incur, or believe that it will incur, debts beyond its ability to pay such debts as they become due.

6.17 Disclosure. This Agreement and all other documents, certificates, reports or statements or other information furnished to any Bank or the Agent in writing by or on behalf of any Borrower in connection with the negotiation or administration of this Agreement or any transactions contemplated hereby when read together do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to any Borrower which has

caused, or which likely would in the future in the reasonable judgment of the Borrowers cause, a Material Adverse Effect (except for any economic conditions which affect generally the industry in which the Borrowers and their Subsidiaries conduct business), which has not been set forth in this Agreement or in the other documents, certificates, statements, reports and other information furnished in writing to the Banks by or on behalf of any Borrower in connection with the transactions contemplated hereby.

6.18 Indenture Debt Documents and Preferred Stock Documents. All representations and warranties of the Borrowers contained in any Indenture Debt Document or Preferred Stock Document are true and correct in all material respects. CRI has issued the Indenture Notes in the face amount of at least \$150,000,000 on or prior to the Effective Date and all Indenture Debt Documents have been delivered to the Agent and the Banks prior to the Effective Date. CRI has issued the Preferred Stock in the amount of \$30,000,000 on or prior to the Effective Date and all Preferred Stock Documents have been delivered to the Agent and the Banks prior to the Effective Date. There is no event of default or event or condition which could become an event of default with notice or lapse of time or both, under the Indenture Debt Documents or Preferred Stock Documents and each of the Indenture Debt Documents and the Preferred Stock Documents is in full force and effect.

6.19 Year 2000. The Borrowers have made a full and complete assessment of the Year 2000 Issues. Based on such assessment, the Borrowers do not reasonably anticipate that Year 2000 Issues will have a Material Adverse Effect.

SECTION 7. Covenants.

7.1 Affirmative Covenants. Each Borrower covenants and agrees that, until the payment in full of the principal of and accrued interest on the Notes, the expiration of this Agreement and all Letters of Credit and the payment and performance of all other obligations of the Borrowers under this Agreement, the Notes and the Security Documents, unless the Required Banks shall otherwise consent in writing, each of the Borrowers shall:

(a) Preservation of Corporate Existence, Etc. Preserve and maintain its corporate existence, rights and privileges and its material licenses, franchises and permits, and qualify and remain qualified as a validly existing corporation in good standing in each jurisdiction in which such qualification is necessary under applicable law.

(b) Compliance with Laws, Etc. Comply in all material respects with all applicable laws, rules, regulations and orders of any governmental authority, whether federal, state, local or foreign (including without limitation ERISA, the Code and Environmental Laws), in effect from time to time; and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income, revenues or property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, might give rise to Liens upon such properties or any portion thereof, except to the extent that payment of any of the foregoing is then being contested in good faith by appropriate legal proceedings and with respect to which adequate financial reserves have been established on its books and records.

(c) Maintenance of Properties; Insurance. Maintain, preserve and protect all property that is material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business

carried on in connection therewith may be properly conducted at all times in accordance with customary and prudent business practices for similar businesses; comply with all applicable permits, statutes, laws, orders, licenses, rules and regulations relating to the Oil and Gas Interests owned by it, unless any non compliance would not cause a Material Adverse Effect, and ensure that all wells and other properties operated by it, either in its own name or as a partner, are operated in accordance with prudent oil and gas field practices; comply with all of its duties and obligations under, and take all actions to maintain, consistent with prudent oil and gas practices, all leases and other rights in full force and effect; and, in addition to that insurance required under the Security Documents, maintain in full force and effect insurance with responsible and reputable insurance companies or associations in such amounts, on such terms and covering such risks, including fire and other risks insured against by extended coverage, as is usually carried by companies engaged in similar businesses and owning similar properties similarly situated and maintain in full force and effect public liability insurance, insurance against claims for personal injury or death or property damage occurring in connection with any of its activities or any of any properties owned, occupied or controlled by it, in such amount as it shall reasonably deem necessary, and maintain such other insurance as may be required by law or as may be reasonably requested by the Banks for purposes of assuring compliance with this Section 7.1(c).

(d) Reporting Requirements. Furnish to each Bank, in form and substance satisfactory to the Required Banks, the following:

(i) Promptly and in any event within three calendar days after becoming aware of the occurrence of (A) any Default, (B) the commencement of any material litigation against, by or affecting the Borrowers and, upon request by any Bank, any material developments therein, or (C) any development in the business or affairs of the Borrowers which has resulted in, or which is likely in the reasonable judgment of the Borrowers to result in (including without limitation the entering into of any material contract and/or undertaking by the Borrowers) a Material Adverse Effect or (D) any "reportable event" (as defined in ERISA) under, or the institution of steps by the Borrowers or any Subsidiary to withdraw from, or the institution of any steps to terminate, any Plan, a statement of the chief financial officer of the Borrowers setting forth details of such Default or such event or condition or such litigation and the action which CRI or any Subsidiary has taken and proposes to take with respect thereto;

(ii) As soon as available and in any event within 45 days after the end of each fiscal quarter of CRI, the consolidated balance sheets of CRI and its Subsidiaries as of the end of such quarter, and the related consolidated statements of income and cash flow for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding fiscal year, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an appropriate officer of the Borrowers as having been prepared in accordance with generally accepted accounting principles, together with a certificate of an appropriate officer of the Borrowers with a computation in reasonable detail calculating the covenants contained in Sections 7.2(a), (b), (c), (i) and (j);

(iii) As soon as available and in any event within 120 days after the end of each fiscal year, a copy of the consolidated balance sheet of CRI and its Subsidiaries for such fiscal year and related statements of income and cash flow with a customary audit report thereon by Arthur Andersen LLP or other independent certified public accountants selected by CRI and acceptable to the Banks, without qualifications unacceptable to the Banks, together with a certificate of such accountants stating that they have reviewed this Agreement and stating further that in making their review in accordance with generally accepted accounting principles nothing came to their attention that made them believe that any Default exists, or if their examination has disclosed the existence of any Default, specifying the nature, period of existence and status thereof, together with a certificate of an appropriate officer of the Borrowers

with a computation in reasonable detail calculating the covenants contained in Sections 7.2(a), (b), (c), (i) and (j) hereof;

(iv) Upon the request of the Required Banks or the Agent, a schedule of all oil, gas, and other mineral production attributable to all material Oil and Gas Interests of the Borrowers, and in any event all such Oil and Gas Interests included in the Borrowing Base;

(v) Promptly, all title or other information received after the Effective Date by any Borrower which discloses any material defect in the title to any material asset included in the Borrowing Base;

(vi) As soon as practicable and in any event within 30 days after the sending or filing thereof, copies of all such financial statements and reports as it shall send to its security holders and of all final prospectuses under the Securities Act of 1933 (other than Form S-8), reports on Forms 10-Q, 10-K and 8-K and all similar regular and periodic reports filed by it (i) with any federal department, bureau, commission or agency from time to time having jurisdiction with respect to the sale of securities or (ii) with any securities exchange;

(vii) (A) As soon as available and in any event within 90 days after each January 1, commencing with January 1, 1999, an annual reserve report as of each such January 1 with respect to all Hydrocarbon reserves of the Borrowers prepared by an independent engineering firm of recognized standing acceptable to the Required Banks in accordance with accepted industry practices and otherwise acceptable and in form and substance satisfactory to the Required Banks, and including without limitation all assets included in the Borrowing Base, and (B) within 90 days after each July 1 thereafter, a reserve report as of such July 1, with respect to all Hydrocarbon reserves of the Borrowers prepared by the Borrowers in accordance with accepted industry practices and otherwise acceptable and in form and substance satisfactory to the Required Banks, and including without limitation all assets included in the Borrowing Base;

(viii) On or within 30 days after the request of the Agent or the Required Banks, in connection with a redetermination of the Borrowing Base permitted under Section 9.14 an updated reserve report with respect to all Hydrocarbon reserves of the Borrowers prepared by an independent engineering firm of recognized standing acceptable to the Required Banks in accordance with accepted industry practices and otherwise acceptable and in form and substance satisfactory to the Required Banks, and including without limitation all assets included in the Borrowing Base;

(ix) Promptly, any management letter from the auditors for any Borrower and all other information respecting the business, properties or the condition or operations, financial or otherwise, including, without limitation, geological and engineering data of any Borrower and any title work with respect to any Oil and Gas Interests of any Borrower as any Bank may from time to time reasonably request;

(x) At all times after the date ninety (90) days after the Effective Date, if requested by the Required Banks, title opinions and other opinions of counsel, in each case in form and substance acceptable to the Required Banks, with respect to at least eighty (80%) percent of the value of the assets included in the Borrowing Base; and

(xi) As soon as available and in any event within 45 days after the end of each month, the consolidated balance sheet of CRI and its

Subsidiaries as of the end of such month, and the related consolidated statements of income and cash flow for the period commencing at the end of the previous fiscal year and ending with the end of such month, all in reasonable detail and duly certified (subject to year-end audit adjustments) by an appropriate officer of the Borrowers as having been prepared in accordance with generally accepted accounting principles, and

(xii) The Borrowers will advise the Agent of any reasonably anticipated Material Adverse Effect as a result of Year 2000 Issues and will take all actions reasonably necessary to assure that the Year 2000 Issues will not have a Material Adverse Effect.

(e) Access to Records, Books, Etc. At any reasonable time and from time to time, permit any Bank or any agents or representatives thereof, at the Borrowers' own expense, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrowers, and to discuss the affairs, finances and accounts of the Borrowers with their respective officers and employees. Without limiting the foregoing, the Borrowers agree that at any reasonable time and from time to time, the Borrowers will permit any Bank or any agents or representatives thereof to inspect, at the office of the Borrowers listed on its signature page hereto, all opinions with respect to title and other material work received by the Borrowers with respect to any asset included in the Borrowing Base.

7.2 Negative Covenants. Until payment in full of the principal of and accrued interest on the Notes, the expiration of this Agreement and all Letters of Credit and the payment and performance of all other obligations of the Borrowers and each Guarantor under this Agreement, the Notes and the Security Documents, each Borrower agrees that, unless the Required Banks shall otherwise consent in writing, none of them shall:

(a) Current Ratio. Permit or suffer the ratio of (i) the sum of Current Assets plus the unused availability under the revolving credit facility established by Section 2.1(a) to (ii) Current Liabilities to be less than 1.0 to 1.0 at any time.

(b) Tangible Net Worth. Permit or suffer Consolidated Tangible Net Worth of CRI and its Subsidiaries, at any time, to be less than the sum of (i) \$105,000,000, plus (ii) 50% of Consolidated Net Income for each fiscal year, commencing with the fiscal year ending December 31, 1998, and to be added as of the last day of such fiscal quarter and each such fiscal year, provided that if such Consolidated Net Income is negative in such fiscal quarter or in any fiscal year, the amount added pursuant to this clause (ii) shall be zero and shall not reduce the amount added pursuant to this clause (ii) for any other fiscal year, plus (iii) 75% of the net cash proceeds of any equity offering or other sale of Capital Stock of CRI or any of its Subsidiaries, other than net cash proceeds in an aggregate amount per fiscal year not to exceed \$2,500,000 received by CRI in connection with the exercising of stock options.

(c) Interest Coverage Ratio. Permit or suffer, as of the last day of any fiscal quarter of CRI, the ratio of (i) EBITDA, as calculated for the four fiscal quarters then ending, to (ii) Consolidated Interest Expense, as calculated for the four fiscal quarters then ending, to be less than 2.5 to 1.0.

(d) Indebtedness. Create, incur, assume, guaranty or in any manner become liable in respect of, or suffer to exist, any Indebtedness other than:

(i) The Advances;

(ii) Other Indebtedness in aggregate outstanding amount not to exceed \$5,000,000;

(iii) Unsecured insurance premium financing incurred in the ordinary course of business;

(iv) Indebtedness pursuant to any Swap Agreement with any Bank, any Person with an investment grade debt rating acceptable to the Agent and any other Person acceptable to the Agent;

(v) Indenture Debt, including the related guarantees thereunder, pursuant to the Indenture Debt Documents, provided that the aggregate principal amount of such Indenture Debt shall not exceed the amount of the Indenture Debt outstanding as of its original issuance; and

(vi) Indebtedness permitted pursuant to Section 7.2(i).

(e) Liens. Create, incur or suffer to exist, any Lien to exist on any assets, rights, revenues or property, real, personal or mixed, tangible or intangible, other than:

(i) Liens for taxes not delinquent or for taxes being contested in good faith by appropriate proceedings and as to which adequate financial reserves have been established on its books and records;

(ii) Liens (other than any Lien imposed by ERISA) created and maintained in the ordinary course of business which are not material in the aggregate, and which would not have a Material Adverse Effect and which constitute (A) pledges or deposits under worker's compensation laws, unemployment insurance laws or similar legislation, (B) good faith deposits in connection with bids, tenders, contracts or leases to which any Borrower is a party for a purpose other than borrowing money or obtaining credit, including rent security deposits, (C) liens imposed by law, such as those of carriers, warehousemen, operators and mechanics, if payment of the obligation secured thereby is not yet due, (D) Liens securing taxes, assessments or other governmental charges or levies not yet subject to penalties for nonpayment, and (E) pledges or deposits to secure public or statutory obligations of any Borrower, or surety, customs or appeal bonds to which such Borrower is a party;

(iii) Liens created pursuant to the Security Documents and Liens expressly permitted by the Security Documents, including without limitation liens securing any reimbursement and other obligations pursuant to any Letters of Credit issued by any Bank for the account of any Borrower, and it is acknowledged and agreed that, without limiting the indebtedness secured by the Security Documents, each Security Document secures all reimbursement and other obligations incurred at any time by any Borrower pursuant to any Letter of Credit issued by any Bank for the account of any Borrower;

(iv) Liens securing Indebtedness permitted pursuant to Section 7.2(d)(iii) created to secure payment of a portion of the purchase price of, or existing at the time of acquisition of, any tangible fixed asset acquired by any Borrower if the outstanding principal amount of the Indebtedness secured by such Lien does not at any time exceed the purchase price paid by such Borrower for such assets, provided that such Lien does not encumber any other asset at any time owned by such Borrower.

(f) Merger; Acquisitions; Etc. Purchase or otherwise acquire, whether in one or a series of transactions, unless the Required Banks shall otherwise

consent in writing, all or any substantial portion of the business assets, rights, revenues or property, real, personal or mixed, tangible or intangible, of any Person, or all or any substantial portion of the Capital Stock of or other ownership interest in any other Person, nor merge or consolidate or amalgamate with any other Person or take any other action having a similar effect, unless in each of the foregoing cases, each of the following conditions is satisfied: (i) no Default or Event of Default exists either before or after such acquisition, merger, consolidation, amalgamation or other action having a similar effect, (ii) if such transaction is a merger, consolidation, amalgamation or other action having a similar effect, a Borrower is the surviving entity and (iii) in the case of any take-over bid or offer to acquire all or substantially all of the outstanding voting or equity securities of a corporation or an acquisition of all or substantially all of the assets of any Person, the board of directors of the target corporation or management of the target Person (if the target is not a corporation) has recommended acceptance of such bid or offer.

(g) Disposition of Assets; Etc. Without the prior written consent of the Required Banks, sell, lease, license, transfer, assign or otherwise dispose of any Collateral or any of its other business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether in one or a series of transactions, other than (i) inventory sold in the ordinary course of business upon customary credit terms, and (ii) if no Default has occurred and is continuing or would be caused thereby, other sales of assets in aggregate amount not to exceed \$15,000,000 in any twelve-month period, provided that in connection with any such sales in excess of \$500,000 in aggregate amount since the date of the most recent redetermination of the Borrowing Base all the net proceeds (net only of reasonable and customary fees actually incurred in connection with such sales and of taxes paid or reasonably estimated to be payable as a result thereof), will simultaneously reduce the Borrowing Base by a like amount.

(h) Nature of Business. Make any substantial change in the nature of its business from that engaged in on the date of this Agreement or engage in any other businesses other than those in which it is engaged on the date of this Agreement.

(i) Investments and Advances. Purchase or otherwise acquire any Capital Stock of or other ownership interest in, or debt securities of or other evidences of Indebtedness of, any other Person; nor make any loan or advance of any of its funds or property or make any other extension of credit to, or make any investment or acquire any interest whatsoever in, any other Person, except (i) loans and advances to officers of the Borrowers, provided that the aggregate amount of all such loans and advances does not exceed \$25,000, (ii) loans and advances among the Borrowers or any Subsidiary of any Borrower guaranteeing all indebtedness, obligations and liabilities of the Borrowers to the Banks and the Agent pursuant to a guaranty and other agreements satisfactory to the Agent, and (iii) other loans and advances, provided that the aggregate amount of all such loans and advances, together with Indebtedness allowed under Section 7.2(d)(iii), shall not exceed \$5,000,000.

(j) Dividends. With respect to CRI only, make, pay, declare or authorize any dividend, payment or other distribution in respect of any class of its Capital Stock or any dividend, payment or distribution in connection with the redemption, repurchase, defeasance, conversion, retirement or other acquisition, directly or indirectly, of any shares of its Capital Stock (all of the foregoing defined herein as "Restricted Payments"), except (i) Restricted Payments payable solely in shares of common stock of CRI and (ii) payments in cash of the accrued fixed dividends on the Preferred Stock at a rate not to exceed 9.0% per annum, provided that both before and after giving effect to such payment (on a pro forma basis acceptable to the Agent) no Default or Event of Default shall have occurred and be continuing and all representations and warranties contained in Section 6 hereof shall be true and correct in all material respects as if made at the time of such payment. Additionally, other than the Preferred Stock, CRI will not issue any Disqualified Stock.

(k) Transactions with Affiliates. Enter into or be a party to any transaction or arrangement with any Affiliate (including, without limitation, the purchase from, sale to or exchange of property with, or the rendering of any service by or for, any Affiliate), except in the ordinary course of and pursuant to the reasonable requirements of the Borrowers' business and upon fair and reasonable terms no less favorable to such Borrower than would be obtained in a comparable arms-length transaction with a Person other than an Affiliate and except the loans and advances described in Section 7.2(i).

(l) Additional Covenants. If at any time any Borrower shall enter into or be a party to any instrument or agreement, including all such instruments or agreements in existence as of the date hereof and all such instruments or agreements entered into after the date hereof, relating to or amending any terms or conditions applicable to any of its Indebtedness which includes covenants, terms, conditions or defaults not substantially provided for in this Agreement or more favorable to the lender or lenders thereunder than those provided for in this Agreement, then the Borrowers shall promptly so advise the Agent and the Banks. Thereupon, if the Agent shall request, upon notice to the Borrowers, the Agent and the Banks shall enter into an amendment to this Agreement or an additional agreement (as the Agent may request), providing for substantially the same covenants, terms, conditions and defaults as those provided for in such instrument or agreement to the extent required and as may be selected by the Agent. In addition to the foregoing, any covenants, terms, conditions or defaults in any existing agreements or other documents evidencing or relating to any Indebtedness of any Borrower (including without limitation the Indenture Debt Documents) not substantially provided for in this Agreement or more favorable to the holders of such Indebtedness, are hereby incorporated by reference into this Agreement to the same extent as if set forth fully herein, and no subsequent amendment, waiver or modification thereof shall affect any such covenants, terms, conditions or defaults as incorporated herein.

(m) Financial Contracts. Enter into any Swap Agreement (or any other agreement, device or arrangement providing for payments relating to fluctuations of interest rates, exchange rates or commodity prices) for purposes of financial speculation or otherwise not in the ordinary course of business of the Borrowers, and any Swap Agreement with respect to fluctuations in interest rates shall be entered into by the Borrowers only with respect to Indebtedness for borrowed money of the Borrowers.

(n) Payments and Modification of Indenture Debt. Make, or permit any Subsidiary to make, any optional payment, defeasance (whether a covenant defeasance, legal defeasance or other defeasance), prepayment or redemption of any of its or any of its Subsidiaries' Indenture Debt or amend or modify, or consent or agree to any amendment or modification of, any Indenture Debt Document, or enter into any agreement or arrangement providing for any defeasance of any kind of any of its Indenture Debt.

SECTION 8. Default

8.1 Events of Default. The occurrence of any one of the following events or conditions shall be deemed an "Event of Default" hereunder unless waived by the Required Banks pursuant to Section 10.1:

(a) Any Borrower shall fail to pay within 2 Business Days of when due any principal of or interest on the Notes (whether pursuant to Section 4.1 or otherwise), any fees or any other amount payable hereunder or under any Security Document; or

(b) Any representation or warranty made by any Borrower in Section 6 hereof, in any Security Document or in any other document or certificate furnished by or on behalf of any Borrower in connection with this Agreement, shall prove to have been incorrect in any material respect when made; or

(c) (i) Any Borrower shall fail to perform or observe any term, covenant or agreement contained in Sections 7.1(b), 7.1(c) (other than the agreement to maintain continuous insurance coverage) or 7.1(d) hereof or in any Security Document, any other Loan Document or any other agreement among the Borrowers, the Banks and the Agent, or any of them, and such failure shall remain unremedied for 30 calendar days after the earlier of the date notice thereof shall have been given to Borrowers by the Agent or any Bank or any Borrower knows of such failure, or (ii) any Borrower shall fail to perform or observe any other term, covenant, or agreement contained in this Agreement; or

(d) Any Borrower shall fail to pay any part of the principal of, the premium, if any, or the interest on, or any other payment of money due under any of its Indebtedness (other than Indebtedness hereunder), beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure exists has an aggregate outstanding principal amount in excess of \$10,000,000; or if any Borrower fails to perform or observe any other term, covenant or agreement contained in any agreement, document or instrument evidencing or securing any such Indebtedness, or under which any such Indebtedness was issued or created, beyond any period of grace, if any, provided with respect thereto if the effect of such failure is either (i) to cause, or permit the holders of such Indebtedness (or a trustee on behalf of such holders) to cause, any payment in respect of such Indebtedness to become due prior to its due date or (ii) to permit the holders of such Indebtedness (or a trustee on behalf of such holder) to elect a majority of the board of directors of any Borrower; or

(e) A judgment or order for the payment of money, which together with other such judgments or orders exceeds the aggregate amount of \$10,000,000, shall be rendered against any Borrower and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order and such judgment or order shall have remained unsatisfied and such proceedings shall have remained unstayed for a period of 30 consecutive days, or (ii) for a period of 30 consecutive days, such judgment or order shall have remained unsatisfied and a stay of enforcement thereof, by reason of pending appeal or otherwise, shall not have been in effect; or

(f) The occurrence or existence with respect to any Borrower or any Guarantor or any of their ERISA Affiliates of any of the following: (i) any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any Reportable Event shall occur with respect to any Plan, (iii) the filing under ERISA of a notice of intent to terminate any Plan or the termination of any Plan, (iv) any event or circumstance exists which might constitute grounds entitling the PBGC to institute proceedings under ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the institution of the PBGC of any such proceedings, or (v) complete or partial withdrawal under ERISA from any Multiemployer Plan or the reorganization, insolvency, or termination of any Multiemployer Plan, and in each of the foregoing cases, such event or condition, together with all other events or conditions, if any, could in the opinion of the Banks subject any Borrower to any tax, penalty, or other liability to a Plan, the PBGC, or otherwise (or any combination thereof); or

(g) Any Borrower shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or shall institute, or there shall be instituted against any Borrower, any proceeding or case seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief or protection of debtors or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property, and, if such proceeding is instituted against any Borrower and is being contested by such Borrower in good faith by appropriate proceedings, such proceedings shall remain undismissed or

unstayed for a period of 30 days; or any Borrower shall take any action (corporate or other) to authorize or further any of the actions described above in this subsection; or

(h) Any event of default described in any Security Document shall have occurred and be continuing, or any material provision of any Security Document shall at any time for any reason cease to be valid and binding and enforceable against any obligor thereunder, or the validity, binding effect or enforceability thereof shall be contested or repudiated by any Person, or any obligor, shall deny that it has any or further liability or obligation thereunder, or any Security Document shall be terminated, invalidated or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to the Agent and the Banks the benefits purported to be created thereby;

(i) Any Change in Control shall occur; or

(j) or the occurrence of any "Change of Control", "Change in Control" or similar term as defined in the Indenture or the Preferred Stock Documents.

8.2 Remedies.

(a) Upon the occurrence and during the continuance of any Event of Default, the Agent may, and upon being directed to do so by the Required Banks, shall, by notice to the Borrowers terminate the Commitments or declare the outstanding principal of, and accrued interest on, the Notes and all other amounts due under this Agreement and all other Loan Documents, to be immediately due and payable, or demand immediate delivery of cash collateral, and the Borrowers agree to deliver such cash collateral upon such demand, in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, or all of the above, whereupon the Commitments shall terminate forthwith and all such amounts shall become immediately due and payable, or both, as the case may be, provided that in the case of any event or condition described in Section 8.1(g), the Commitments shall automatically terminate forthwith and all such amounts shall automatically become immediately due and payable without notice; in each case without demand, presentment, protest, diligence, notice of dishonor or other formality, all of which are hereby expressly waived.

(b) Upon the occurrence and during the continuance of such Event of Default, the Agent may, and upon being directed to do so by the Required Banks, shall, in addition to the remedies provided in Section 8.2(a), enforce its rights either by suit in equity, or by action at law, or by other appropriate proceedings, whether for the specific performance (to the extent permitted by law) of any covenant or agreement contained in this Agreement or in any then outstanding Note or any Security Document or in aid of the exercise of any power granted in this Agreement, any then outstanding Notes or any Security Document, and may enforce the payment of any then outstanding Notes and any of the other rights of the Agent and the Banks in any other agreement or available at law or in equity.

(c) Upon the occurrence and during the continuance of any Event of Default hereunder, each Bank may at any time and from time to time, without notice to the Borrowers (any requirement for such notice being expressly waived by the Borrowers) set off and apply against any and all of the obligations of any Borrower now or hereafter existing under this Agreement, any of the Notes or the Security Documents, any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of any Borrower and any property of any Borrower from time to time in possession of such Bank, irrespective of whether or not any Bank shall have made any demand hereunder and

although such obligations may be contingent and unmatured. The rights of the Banks under this Section 8.2(c) are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Banks may have.

8.3 Distribution of Proceeds. All proceeds of any realization on the Collateral received by the Agent pursuant to the Security Documents or any payments on any of the liabilities secured by the Security Documents received by the Agent or any Bank upon and during the continuance of any Event of Default shall be allocated and distributed as follows:

(a) First, to the payment of all costs and expenses, including without limitation all attorneys' fees, of the Agent in connection with the enforcement of the Security Documents and otherwise administering this Agreement;

(b) Second, to the payment of all costs, expenses and fees, including without limitation, commitment fees and attorneys' fees, owing to the Banks pursuant to the Bank Obligations on a pro rata basis in accordance with the Bank Obligations consisting of fees, costs and expenses owing to the Banks under the Bank Obligations for application to payment of such liabilities;

(c) Third, to the Banks on a pro rata basis in accordance with the Bank Obligations consisting of interest and principal owing to the Banks under the Bank Obligations, with any obligations owing to any Bank pursuant to any Swap Agreement to which it is a party (whether pursuant to a termination thereof or otherwise) and with any reimbursement obligations or other liabilities owing to any Bank pursuant to any Letter of Credit, for application to payment of such liabilities;

(c) Fourth, to the payment of any and all other amounts owing to the Banks on a pro rata basis in accordance with the total amount of such Indebtedness owing to each of the Banks, for application to payment of such liabilities; and

(d) Fifth, to the Borrowers or such other Person as may be legally entitled thereto.

8.4 Letter of Credit Liabilities. For the purposes of payments and distributions under Section 8.3, the full amount of Bank Obligations on account of any Letter of Credit then outstanding but not drawn upon shall be deemed to be then due and owing. Amounts distributable to any of the Banks on account of such Bank Obligations under such Letter of Credit shall be deposited in a separate interest bearing collateral account in the name of and under the control of the Agent and held by the Agent first as security for such Letter of Credit Bank Obligations and then as security for all other Bank Obligations and the amount so deposited shall be applied to the Letter of Credit Bank Obligations at such times and to the extent that such Letter of Credit Bank Obligations become absolute liabilities. If and to the extent that the Letter of Credit Bank Obligations fail to become absolute Bank Obligations because of the expiration or termination of the underlying Letters of Credit without being drawn upon, then such amounts shall be applied to the remaining Bank Obligations in the order provided in Section 8.3. Each Borrower hereby grants to the Agent, for the benefit of the Banks, a lien and security interest in all such funds deposited in such separate interest bearing collateral account, as security for all the Bank Obligations as set forth above. The Borrowers acknowledge and agree that all reimbursement and other obligations and liabilities pursuant to any Letters of Credit issued by the Agent for the account of any Borrower are secured by all Collateral and the Security Documents.

SECTION 9. The Administrative Agent, the Syndication Agent and the Banks.

9.1 Appointment; Nature of Relationship. The First National Bank of Chicago is hereby appointed by the Banks as the administrative agent hereunder and under each other Loan Document, and each of the Banks irrevocably authorizes the Agent to act as the contractual representative of such Bank with the rights and duties expressly set forth herein and in the other Loan Documents. The Agent agrees to act as such contractual representative upon the express conditions contained in this Section 9. Notwithstanding the use of the defined term "Agent," it is expressly understood and agreed that the Agent shall not have any fiduciary responsibilities to any Bank by reason of this Agreement or any other Loan Document and that the Agent is merely acting as the representative of the Banks with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Banks' contractual representative, the Agent (i) does not hereby assume any fiduciary duties to any of the Banks, (ii) is a "representative" of the Banks within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Banks hereby agrees to assert no claim against the Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Bank hereby waives.

9.2 Powers. The Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no implied duties to the Banks, or any obligation to the Banks to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Agent.

9.3 General Immunity. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to the Borrowers, any Borrower, the Banks or any Bank for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their own gross negligence or willful misconduct.

9.4 No Responsibility for Loans, Recitals, etc. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Bank; (iii) the satisfaction of any condition specified in Section 3.2 or otherwise hereunder; (iv) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; or (v) the value, sufficiency, creation, perfection or priority of any interest in any collateral security. The Agent shall have no duty to disclose to the Banks information that is not required to be furnished by the Borrowers to the Agent at such time, but is voluntarily furnished by the Borrowers to the Agent (either in its capacity as Agent or in its individual capacity).

9.5 Action on Instructions of Banks. The Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Banks, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Banks and on all holders of Notes. The Banks hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Banks. The Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan

Document unless it shall first be indemnified to its satisfaction by the Banks pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

9.6 Employment of Agents and Counsel. The Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Agent shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder and under any other Loan Document.

9.7 Reliance on Documents; Counsel. The Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and, in respect to legal matters, upon the opinion of counsel selected by the Agent, which counsel may be employees of the Agent.

9.8 Agent's Reimbursement and Indemnification. The Banks agree to reimburse and indemnify the Agent ratably in proportion to their respective Commitments (or, if the Commitments have been terminated, in proportion to their Commitments immediately prior to such termination) (i) for any amounts not reimbursed by the Borrowers for which the Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Agent on behalf of the Banks, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Bank shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Agent. The obligations of the Banks under this Section 9.8 shall survive payment of the Bank Obligations and termination of this Agreement.

9.9 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received written notice from a Bank or a Borrower referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give prompt notice thereof to the Banks.

9.10 Rights as a Bank. In the event the Agent is a Bank, the Agent shall have the same rights and powers hereunder and under any other Loan Document as any Bank and may exercise the same as though it were not the Agent, and the term "Bank" or "Banks" shall, at any time when the Agent is a Bank, unless the context otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with any Borrower or any of their respective Subsidiaries in which any Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Agent, in its individual capacity, is not obligated to remain a Bank.

9.11 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on the financial statements prepared by the Borrowers and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Bank also acknowledges that it will, independently and without reliance upon the

Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

9.12 Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrowers, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation, the Required Banks shall have the right to appoint, on behalf of the Borrowers and the Banks, a successor Agent. If no successor Agent shall have been so appointed by the Required Banks within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of the Borrowers, and the Banks, a successor Agent. If the Agent has resigned and no successor Agent has been appointed, the Banks may perform all the duties of the Agent hereunder and the Borrowers shall make all payments in respect of the Bank Obligations to the applicable Bank and for all other purposes shall deal directly with the Banks. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least \$50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the effectiveness of the resignation of the Agent, the resigning Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Agent, the provisions of this Section 9 shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Agent hereunder and under the other Loan Documents.

9.13 Pro Rata Sharing by Banks. Each Bank agrees with every other Bank that, in the event that it shall receive and retain any payment on account of the Borrower's obligations under this Agreement, the Notes or the Security Documents in a greater proportion than that received by any other Bank, whether such payment be voluntary, involuntary or by operation of law, by application of set-off of any indebtedness or otherwise, then such Bank shall promptly purchase a participation interest from the other Banks, without recourse, for cash and at face value, ratably in accordance with its Pro Rata Share, in such an amount that each Bank shall have received payment in respect of such obligations in accordance with its Pro Rata Share; provided, that if any such purchase be made by any Bank and if any such excess payment relating thereto or any part thereof is thereafter recovered from such Bank, appropriate adjustment in the related purchase from the other Banks shall be made by rescission and restoration of the purchase price as to the portion of such excess payment so recovered. It is further agreed that, to the extent there is then owing by the Borrowers to any Bank indebtedness other than that evidenced by this Agreement, the Notes and the Security Documents to which such Bank may apply any involuntary payments of indebtedness by the Borrowers, including those resulting from exercise of rights of set-off or similar rights, such Bank shall apply all such involuntary payments first to obligations of the Borrowers to the Banks hereunder and under the Notes and the Security Documents and then to such other indebtedness owed to it by the Borrowers. In addition, it is further agreed that any and all proceeds resulting from a sale or other disposition of any collateral which may be hereafter granted for the benefit of the Banks to secure the obligations of the Borrowers hereunder, shall be applied first to obligations of the Borrowers to the Banks hereunder and under the Notes and the Security Documents, and then ratably to any other indebtedness owed by the Borrowers to the Banks which is secured by such collateral.

9.14 Determination of Borrowing Base, Etc. (a) As of the Effective Date, the Borrowing Base shall be equal to \$162,500,000 and scheduled monthly reductions to the Borrowing Base shall be \$0 (any monthly reductions in the Borrowing Base redetermined at any time under this Section 9.14 are defined as the "Monthly Borrowing Base Reductions").

(b) Any redetermination of the Borrowing Base and the Monthly Borrowing Base Reductions shall be made by the Agent and submitted to the Banks. Such redetermined Borrowing Base and Monthly Borrowing Base Reductions shall then be effective when approved by Banks holding not less than 75% of the aggregate principal amount of the Advances then outstanding (or 75% of the Commitments if no Advances are then outstanding). If any of such redetermined Borrowing Base and Monthly Borrowing Base Reductions are not approved by Banks holding not less than 75% of the aggregate principal amount of the Advances then outstanding (or 75% of the Commitments if no Advances are then outstanding) within ten (10) days after they are submitted to the Banks, each Bank shall submit to the Agent, on or within ten (10) days after the Agent notifies the Banks that such Banks have not approved any such redetermined Borrowing Base or Monthly Borrowing Base Reductions, its determination of each of the foregoing which was not so approved, and the redetermined amount of each of the foregoing which was not so approved will be based on the weighted average of the redetermined amount thereof of each Bank which properly submits such redetermination to the Agent, weighted according to each Bank's Commitment.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, WITHOUT THE PRIOR WRITTEN APPROVAL OF ALL THE BANKS, SUCH APPROVAL TO BE IN EACH BANK'S SOLE DISCRETION, (1) THE BORROWING BASE MAY NOT BE GREATER THAN \$162,500,000 AT ANY TIME, (2) THE REDETERMINATION OF THE BORROWING BASE AND THE MONTHLY BORROWING BASE REDUCTIONS SCHEDULED TO OCCUR ON OR ABOUT OCTOBER, 1999 SHALL BE EFFECTIVE WHEN APPROVED BY ALL OF THE BANKS AND (3) THE MONTHLY BORROWING BASE REDUCTIONS DETERMINED AT ANY TIME AND IN ACCORDANCE WITH THE ABOVE PROCEDURE MAY NOT BE MODIFIED.

(c) The Borrowing Base and the Monthly Borrowing Base Reductions may be redetermined from time to time as requested by the Required Banks (provided that the Required Banks may not request any such optional redetermination until after the mandatory redetermination scheduled to occur on or about October, 1999 unless any representation or warranty contained in Section 6 hereof shall not be true and correct in all material respects at any time as if made at any such time), and will be redetermined upon the request of the Borrowers (provided that the Borrowers cannot request a redetermination of the Borrowing Base, or the Monthly Borrowing Base Reductions more than once between the mandatory redeterminations hereinafter provided for), and, in addition, at least twice each year (provided that the first such redetermination shall not be made until October, 1999) as follows: upon receipt of the reserve reports referred to in Section 7.1(d)(vii) hereof (and in connection with such twice per year redeterminations of the Borrowing Base and the Monthly Borrowing Base Reductions the Agent shall submit the redetermined Borrowing Base and the Monthly Borrowing Base Reductions as required under this Section 9.14 on or prior to 30 days after the receipt of each (i) reserve report referred to in Section 7.1(d)(vii) (A) hereof and (ii) reserve report referred to in Section 7.1(d)(vii)(B)). Each redetermination of the Monthly Borrowing Base Reductions shall determine such reductions for each of the six months following such determination. Except for the scheduled redeterminations of the Borrowing Base and the Monthly Borrowing Base Reductions, each Bank requesting a redetermination of the Borrowing Base and the Monthly Borrowing Base Reductions agrees to give notice to the Agent and the Borrowers of such request.

(d) Within five days after notification to Borrower of a Borrowing Base redetermination pursuant to the provisions of this Section 9.14, the Borrowers may notify Agent as to what portion of the Borrowing Base they desire access (the "Elected Borrowing Limit"). Thereafter, the Borrowers may obtain Advances which do not exceed in the aggregate the lesser of (i) the Commitments or (ii) the Elected Borrowing Limit until the next Borrowing Base redetermination, subject to the provisions of Section 9.14(b) and (c) above. If no such notification is received by the Agent the Elected Borrowing Limit shall be the Borrowing Base as so determined. Notwithstanding anything herein to the contrary, the Elected Borrowing Limit may not exceed the lesser of (A) the

Borrowing Base or (B) the aggregate stated Commitment amounts for the Banks set forth next to the names of the Banks on the signature pages hereof or established pursuant to Section 10.6, as the case may be, as such amount may be reduced from time to time. As of the Effective Date, the Elected Borrowing Limit shall be equal to \$162,500,000.

9.15 Syndication and Documentation Agent. Toronto Dominion (Texas), Inc., as Syndication Agent hereunder, and Paribas, as Documentation Agent hereunder, shall have no duties or liabilities hereunder in such capacities.

SECTION 10. Miscellaneous.

10.1 Amendments; Etc. (a) This Agreement and any term or provision hereof may be amended, waived or terminated by an instrument in writing executed by the Borrowers and the Required Banks, and to the extent any rights or duties of the Agent may be affected thereby, the Agent, provided, that, notwithstanding anything in this Agreement to the contrary, except by an instrument in writing executed by the Borrowers and all of the Banks, no such amendment, waiver or termination shall authorize or permit the extension of the time or times of payment of the principal of, or interest on, the Notes or the reduction in principal amount thereof or the rate of interest thereon, or any fees payable hereunder, or increase or extend the aggregate Commitments or the respective Commitments of any Bank, or change the percentage of Banks required for approvals of the Borrowing Base as specified in Section 9.14, or release any Borrower from any of its obligations hereunder or under any other Loan Document, or release any material amount of the Collateral from the Liens granted pursuant hereto or the Security Documents, or amend this Section 10.1.

(b) Any such amendment, waiver or termination shall be effective only in the specific instance and for the specific purpose for which given.

(c) Notwithstanding anything herein to the contrary, any Bank that has failed to fund any Advance or other amount required to be funded by such Bank hereunder shall not be entitled to vote (whether to consent or to withhold its consent) with respect to any amendment, modification, termination or waiver of any provision of any Loan Document or a departure therefrom or any direction from the Banks to the Agent and, for purposes of determining the Required Banks, the Commitments and Advances of such Bank shall be disregarded.

10.2 Notices. (a) Except as otherwise provided in Section 10.2(c) hereof, all notices, requests, consents and other communications hereunder shall be in writing and shall be delivered or sent to the Borrowers, the Banks and the Agent at the respective addresses for notices set forth on the signature pages hereof, or to such other address as may be designated by the Borrowers, the Agent or any Bank by notice to the other parties hereto. All notices shall be deemed to have been given at the time of actual delivery thereof to such address, or if sent by the Agent or any Bank to the Borrowers by certified or registered mail, postage prepaid, to such address, on the fifth day after the date of mailing.

(b) Notices by the Borrowers to the Agent with respect to requests for Advances pursuant to Section 3.1 and notices of prepayment pursuant to Section 4.1(c) shall be irrevocable and binding on the Borrowers.

(c) Any notice to be given by the Borrowers to the Agent pursuant to Section 4.1(c) or Section 3.1 and any notice to be given by the Agent or any Bank hereunder, may be given by telephone, by telex or by facsimile transmission

and must be immediately confirmed in writing in the manner provided in Section 10.2(a). Any such notice given by telephone, telex or facsimile transmission shall be deemed effective upon receipt thereof by the party to whom such notice is given.

10.3 Conduct No Waiver; Remedies Cumulative. No course of dealing on the part of the Agent or the Banks, nor any delay or failure on the part of the Agent or any Bank in exercising any right, power or privilege hereunder shall operate as a waiver of such right, power or privilege or otherwise prejudice the Agent's or the Banks' rights and remedies hereunder; nor shall any single or partial exercise thereof preclude any further exercise thereof or the exercise of any other right, power or privilege. No right or remedy conferred upon or reserved to the Agent or the Banks under this Agreement is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing under any applicable law. Every right and remedy given by this Agreement or by applicable law to the Agent or the Banks may be exercised from time to time and as often as may be deemed expedient by them.

10.4 Reliance on and Survival of Various Provisions. All terms, covenants, agreements, representations and warranties of the Borrowers made herein or in any certificate or other document delivered pursuant hereto shall be deemed to be material and to have been relied upon by the Banks, notwithstanding any investigation heretofore or hereafter made by any Bank or on any Bank's behalf, and those covenants and agreements of the Borrowers set forth in Section 10.5 hereof shall survive the repayment in full of the Advances and other obligations of the Borrowers hereunder and under Security Documents and the termination of the Commitments.

10.5 Expenses; Indemnification. (a) The Borrowers agree to pay and save the Agent harmless from liability for the payment of the reasonable fees and expenses of any counsel the Agent shall employ, in connection with the preparation, execution and delivery of this Agreement, the Notes and the Security Documents and the consummation of the transactions contemplated hereby and in connection with any amendments, waivers or consents and other matters in connection therewith, and all reasonable costs and expenses of the Agent and the Banks (including reasonable fees and expenses of counsel) in connection with any enforcement of this Agreement, the Notes or the Security Documents.

(b) Each of the Borrowers hereby indemnifies and agrees to hold harmless the Banks and the Agent, and their respective officers, directors, employees and agents, from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever which the Banks or the Agent or any such Person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit, and neither any Bank nor the Agent or any of their respective officers, directors, employees or agents shall be liable or responsible for: (i) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith; (ii) the validity, sufficiency or genuineness of documents or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Agent to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of any Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; (iv) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or (v) any other event or circumstance whatsoever arising in connection with any Letter of Credit; provided, however, that the Borrowers shall not be required to indemnify the Agent and such other Persons, and the Agent shall be liable to the Borrowers to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by any Borrower which were caused by (A) the Agent's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit, or (B) the payment by the Agent to the beneficiary under any Letter of

Credit against presentation of documents which do not comply with the terms of the Letter of Credit to the extent, but only to the extent, that such payment constitutes gross negligence or wilful misconduct of the Agent. It is understood that in making any payment under a Letter of Credit the Agent will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary, and such reliance and payment against documents presented under a Letter of Credit substantially complying with the terms thereof shall not be deemed gross negligence or wilful misconduct of the Agent in connection with such payment. It is further acknowledged and agreed that a Borrower may have rights against the beneficiary or others in connection with any Letter of Credit with respect to which the Agent is alleged to be liable and it shall be a precondition of the assertion of any liability of the Agent under this Section that such Borrower shall first have taken reasonable steps to enforce remedies in respect of the alleged loss against such beneficiary and any other parties obligated or liable in connection with such Letter of Credit and any related transactions.

(c) In consideration of the execution and delivery of this Agreement by each Bank and the extension of the Commitments, the Borrowers hereby indemnify, exonerate and hold the Agent, each Bank and each of their respective officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to:

(i) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Advance;

(ii) the entering into and performance of this Agreement and any other agreement or instrument executed in connection herewith by any of the Indemnified Parties (including any action brought by or on behalf of the Borrowers as the result of any determination by the Required Banks not to fund any Advance in compliance with this Agreement);

(iii) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrowers or any of their Subsidiaries of any portion of the stock or assets of any Person, whether or not the Agent or such Bank is party thereto;

(iv) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to any release by the Borrowers or any of their Subsidiaries of any hazardous material or any violations of Environmental Laws; or

(v) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrowers or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrowers or such Subsidiary, except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the activities of the Indemnified Party on the property of the Borrowers conducted subsequent to a foreclosure on such property by the Banks or by reason of the relevant Indemnified Party's gross negligence or wilful misconduct or breach of this Agreement, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrowers hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under

applicable law. The Borrowers shall be obligated to indemnify the Indemnified Parties for all Indemnified Liabilities subject to and pursuant to the foregoing provisions, regardless of whether the Borrowers or any of their Subsidiaries had knowledge of the facts and circumstances giving rise to such Indemnified Liability.

10.6 Successors and Assigns. (a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that the Borrowers may not, without the prior consent of the Banks, assign their rights or obligations hereunder or under the Notes and the Banks shall not be obligated to make any Advance hereunder to any entity other than the Borrowers.

(b) Any Bank may sell a participation interest to any financial institution or institutions, and such financial institution or institutions may further sell, a participation interest (undivided or divided) in, the Advances and such Bank's rights and benefits under this Agreement, the Notes and the Security Documents and to the extent of that participation, such participant or participants shall have the same rights and benefits against the Borrowers under Section 6.2(c) as it or they would have had if participation of such participant or participants were the Bank making the Advances to the Borrowers hereunder, provided, however, that (i) such Bank's obligations under this Agreement shall remain unmodified and fully effective and enforceable against such Bank, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of its Note for all purposes of this Agreement, (iv) the Borrowers, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and (v) such Bank shall not grant to its participant any rights to consent or withhold consent to any action taken by such Bank or the Agent under this Agreement other than action requiring the consent of all of the Banks hereunder. The Agent from time to time in its sole discretion may appoint agents for the purpose of servicing and administering this Agreement and the transactions contemplated hereby and enforcing or exercising any rights or remedies of the Agent provided under this Agreement, the Notes, or otherwise. In furtherance of such agency, the Agent may from time to time direct that the Borrowers provide notices, reports and other documents contemplated by this Agreement (or duplicates thereof) to such agent. The Borrowers hereby consent to the appointment of such agent and agree to provide all such notices, reports and other documents and to otherwise deal with such agent acting on behalf of the Agent in the same manner as would be required if dealing with the Agent itself.

(c) Each Bank may, with the prior consent of the Borrowers (which consent shall not be unreasonably withheld and shall not be required upon the occurrence and during the continuance of any Event of Default which is not cured or waived within 30 days (or 0 days in the case of an Event of Default under Section 8.1(g)) after the occurrence of such Event of Default or if such assignment by such Bank is to an Affiliate of such Bank or to another Bank) and the Agent, assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes and the Security Documents held by it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations, (ii) except in the case of an assignment of all of a Bank's rights and obligations under this Agreement, (A) the amount of the Commitment of the assigning Bank being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$5,000,000, and in integral multiples of \$1,000,000 thereafter, or such lesser amount as the Borrowers and the Agent may consent to and (B) after giving effect to each such assignment, the amount of the Commitment of the assigning Bank shall in no event be less than \$5,000,000, and (iii) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance in the form of Exhibit D hereto (an "Assignment and Acceptance"), together with any Note or Notes subject to such assignment and a processing and recordation fee of \$3,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant

to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(d) By executing and delivering an Assignment and Acceptance, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrowers or the performance or observance by the Borrowers of any of their obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 6.7 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance on the Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank.

(e) The Agent shall maintain at its address designated on the signature pages hereof a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Advances owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(f) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrowers. Within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes a new Note to the order of such assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Bank has retained a Commitment hereunder, a new Note to the order of the assigning Bank in an amount equal to the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit B hereto.

(g) The Banks may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.6, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrowers, provided that such proposed assignee or participant has agreed to hold such information confidential under the terms described in Section 10.20.

(h) Notwithstanding any other provisions set forth in this Agreement, any Bank may at any time create a security interest in, or assign, all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System; provided that such creation of a security interest or assignment shall not release such Bank from its obligations under this Agreement.

10.7 Subsidiaries as Borrowers. In the event that CRI, COG, COGL or Offshore shall create or acquire a Subsidiary, such Subsidiary shall execute a joinder agreement in form and substance satisfactory to the Agent, together with such Security Documents, other documents and opinions as the Agent may reasonably require, and shall become a Borrower hereunder.

10.8 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

10.9 Table of Contents and Headings. The table of contents and the headings of the various subdivisions hereof are for the convenience of reference only and shall in no way modify any of the terms or provisions hereof.

10.10 Construction of Certain Provisions. All computations required hereunder and all financial terms used herein shall be made or construed in accordance with GAAP unless such principles are inconsistent with the express requirements of this Agreement. If any provision of this Agreement refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

10.11 Integration and Severability. This Agreement embodies the entire agreement and understanding between the Borrowers and the Banks, and supersedes all prior agreements and understandings, relating to the subject matter hereof. In case any one or more of the obligations of the Borrowers under this Agreement, the Notes or any Security Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Borrowers shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Borrowers under this Agreement, the Notes or any Security Documents in any other jurisdiction.

10.12 Interest Rate Limitation. Notwithstanding any provisions of this Agreement, the Notes or any Security Documents, in no event shall the amount of interest paid or agreed to be paid by the Borrowers exceed an amount computed at the highest rate of interest permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision of this Agreement, the Notes or any Security Documents at the time performance of such provision shall be due, shall involve exceeding the interest rate limitation validly prescribed

by law which a court of competent jurisdiction may deem applicable hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to an amount computed at the highest rate of interest permissible under applicable law, and if for any reason whatsoever the Banks shall ever receive as interest an amount which would be deemed unlawful under such applicable law such interest shall be automatically applied to the payment of principal of the Advances outstanding and other obligations of the Borrowers hereunder (whether or not then due and payable) and not to the payment of interest, or shall be refunded to the Borrowers if such principal has been paid in full. Anything herein to the contrary notwithstanding, the obligations of the Borrowers under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt of any such payment by the Banks would be contrary to provisions of law applicable to the Banks which limits the maximum rate of interest which may be charged or collected by the Banks.

10.13 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

10.14 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of an Event of Default or any event or condition which with notice or lapse of time, or both, could become such an Event of Default if such action is taken or such condition exists.

10.15 Consent to Jurisdiction. Notwithstanding the place where any liability originates or arises, or is to be repaid, any suit, action or proceeding arising out of or relating to this Agreement, any Security Documents, or the Notes may be instituted in any court of competent jurisdiction in the State of Illinois, each Borrower hereby irrevocably waives any objection which it may have or hereafter has to the laying of such venue of any such suit, action or proceeding and any claim that any such suit, action or proceeding has been brought in an inconvenient forum, and each Borrower hereby irrevocably submits its Person and property to the jurisdiction of any such court in any such suit, action or proceedings. Nothing in this Section 10.15 shall affect the right of the Bank to bring proceedings against the Borrowers or any of their property in the courts of any other court of competent jurisdiction.

10.16 JURY TRIAL WAIVER. THE AGENT, THE BANKS AND EACH BORROWER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE NOTES, THE SECURITY DOCUMENTS, OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE NOTES OR THE SECURITY DOCUMENTS OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY OF THEM. NEITHER THE AGENT, THE BANKS NOR ANY BORROWER SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER THE AGENT AND THE BANKS OR THE BORROWERS EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM.

10.17 Joint and Several Obligations; Contribution Rights; Savings Clause. (a) Notwithstanding anything to the contrary set forth herein or in any Note or in any other Loan Document, the obligations of the Borrowers hereunder and under the Notes and the other Loan Documents are joint and several.

(b) If any Borrower makes a payment in respect of the Bank Obligations, it shall have the rights of contribution set forth below against the other Borrowers; provided that such Borrower shall not exercise its right of contribution until all the Bank Obligations shall have been finally paid in full in cash. If any Borrower makes a payment in respect of the Bank Obligations that is smaller in proportion to its Payment Share (as hereinafter defined) than such payments made by the other Borrowers are in proportion to the amounts of their respective Payment Shares, the Borrower making such proportionately smaller payment shall, when permitted by the preceding sentence, pay to the other Borrowers an amount such that the net payments made by the Borrower in respect of the Bank Obligations shall be shared among the Borrowers pro rata in proportion to their respective Payment Shares. If any Borrower receives any payment that is greater in proportion to the amount of its Payment Shares than the payments received by the other Borrowers are in proportion to the amounts of their respective Payment Shares, the Borrower receiving such proportionately greater payment shall, when permitted by the second preceding sentence, pay to the other Borrowers an amount such that the payments received by the Borrowers shall be shared among the Borrowers pro rata in proportion to their respective Payment Shares. Notwithstanding anything to the contrary contained in this paragraph or in this Agreement, no liability or obligation of any Borrower that shall accrue pursuant to this paragraph shall be paid nor shall it be deemed owed pursuant to this paragraph until all of the Bank Obligations shall be finally paid in full in cash.

For purposes hereof, the "Payment Share" of each Borrower shall be the sum of (a) the aggregate proceeds of the Bank Obligations received by such Borrower plus (b) the product of (i) the aggregate Bank Obligations remaining unpaid on the date such Bank Obligations become due and payable in full, whether by stated maturity, acceleration, or otherwise (the "Determination Date") reduced by the amount of such Bank Obligations attributed to all or such Borrowers pursuant to clause (a) above, times (ii) a fraction, the numerator of which is such Borrower's net worth on the effective date of this Agreement (determined as of the end of the immediately preceding fiscal reporting period of such Borrower), and the denominator of which is the aggregate net worth of all Borrowers on such effective date.

(c) It is the intent of each Borrower, the Agent and the Banks that each Borrower's maximum Bank Obligations shall be in, but not in excess of:

(i) in a case or proceeding commenced by or against such Borrower under the Bankruptcy Code on or within one year from the date on which any of the Bank Obligations are incurred, the maximum amount that would not otherwise cause the Bank Obligations (or any other obligations of such Borrower to the Agent and the Banks) to be avoidable or unenforceable against such Borrower under (A) Section 548 of the Bankruptcy Code or (B) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against such Borrower under the Bankruptcy Code subsequent to one year from the date on which any of the Bank Obligations are incurred, the maximum amount that would not otherwise cause the Bank Obligations (or any other obligations of such Borrower to the Agent and the Banks) to be avoidable or unenforceable against such Borrower under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against such Borrower under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount that would not otherwise cause the Bank Obligations (or any other obligations of such Borrower to the Agent and

the Banks) to be avoidable or unenforceable against such Borrower under such law, statute or regulation including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding.

(d) The Borrowers acknowledge and agree that they have requested that the Banks make credit available to the Borrowers with each Borrower expecting to derive benefit, directly and indirectly, from the Advances and other credit extended by the Banks to the Borrowers.

10.18 Consents to Renewals, Modifications and Other Actions and Events. This Agreement and all of the obligations of the Borrowers hereunder shall remain in full force and effect without regard to and shall not be released, affected or impaired by: (a) any amendment, assignment, transfer, modification of or addition or supplement to the Bank Obligations, this Agreement, any Note or any other Loan Document; (b) any extension, indulgence, increase in the Bank Obligations or other action or inaction in respect of any of the Loan Documents or otherwise with respect to the Bank Obligations, or any acceptance of security for, or guaranties of, any of the Bank Obligations or Loan Documents, or any surrender, release, exchange, impairment or alteration of any such security or guaranties including without limitation the failing to perfect a security interest in any such security or abstaining from taking advantage or of realizing upon any guaranties or upon any security interest in any such security; (c) any default by any Borrower under, or any lack of due execution, invalidity or unenforceability of, or any irregularity or other defect in, any of the Loan Documents; (d) any waiver by the Banks or any other Person of any required performance or otherwise of any condition precedent or waiver of any requirement imposed by any of the Loan Documents, any guaranties or otherwise with respect to the Bank Obligations; (e) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Agreement or any of the other Loan Documents; (f) any sale, lease, transfer or other disposition of the assets of any Borrower or any consolidation or merger of any Borrower with or into any other Person, corporation, or entity, or any transfer or other disposition by any Borrower or any other holder of any shares of Capital Stock of any Borrower; (g) any bankruptcy, insolvency, reorganization or similar proceedings involving or affecting any Borrower; (h) the release or discharge of any Borrower from the performance or observance of any agreement, covenant, term or condition under any of the Bank Obligations or contained in any of the Loan Documents by operation of law; or (i) any other cause whether similar or dissimilar to the foregoing which, in the absence of this provision, would release, affect or impair the obligations, covenants, agreements and duties of any Borrower hereunder, including without limitation any act or omission by the Agent, or the Bank or any other any Person which increases the scope of such Borrower's risk; and in each case described in this paragraph whether or not any Borrower shall have notice or knowledge of any of the foregoing, each of which is specifically waived by each Borrower. Each Borrower warrants to the Agent and the Banks that it has adequate means to obtain from each other Borrower on a continuing basis information concerning the financial condition and other matters with respect to the Borrowers and that it is not relying on the Agent or the Banks to provide such information either now or in the future.

10.19 Waivers, Etc. Each Borrower unconditionally waives: (a) notice of any of the matters referred to in Section 10.18 above; (b) all notices which may be required by statute, rule or law or otherwise to preserve any rights of the Agent or the Banks including, without limitation, presentment to and demand of payment or performance from the other Borrowers and protect for non-payment or dishonor; (c) any right to the exercise by the Agent or the Banks of any right, remedy, power or privilege in connection with any of the Loan Documents; (d) any requirement that the Agent or the Banks in the event of any default by any Borrower, first make demand upon or seek to enforce remedies against, such Borrower or any other Borrower before demanding payment under or seeking to enforce this Agreement against any other Borrower; (f) any right to notice of the disposition of any security which the Agent or the Banks may hold from any Borrower or otherwise and any right to object to the commercial reasonableness of the disposition of any such security; and (g) all errors and omissions in connection with the Agent's or any Bank's administration of any of the Bank Obligations, any of the Loan Documents, or any other act or omission of the Agent or any Bank which changes the scope of the Borrower's risk, except as a

result of the gross negligence or willful misconduct of the Agent or any Bank. The obligations of each Borrower hereunder shall be complete and binding forthwith upon the execution of this Agreement and subject to no condition whatsoever, precedent or otherwise, and notice of acceptance hereof or action in reliance hereon shall not be required.

10.20 Confidentiality. The Banks and the Agent shall hold all confidential information obtained pursuant to the requirements of this Agreement which has been identified as such by any Borrower in accordance with their customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure to its examiners, affiliates, outside auditors, counsel and other professional advisors in connection with this Agreement or as reasonably required by any bona fide transferee or participant in connection with the contemplated transfer of any Note or participation therein or as required or requested by any governmental agency or representative thereof or pursuant to legal process. Without limiting the foregoing, it is expressly understood that such confidential information shall not include information which, at the time of disclosure is in the public domain or, which after disclosure, becomes part of the public domain or information which any Bank or the Agent had obtained prior to the time of disclosure and identification by any Borrower under this Section 10.20, or information received by any Bank or the Agent from a third party. Nothing in this Section 10.20 or otherwise shall prohibit any Bank or the Agent from disclosing any confidential information to the other Banks or the Agent or render any of them liable in connection with any such disclosure.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written, which shall be the Effective Date of this Agreement.

Address for Notices:

COMSTOCK RESOURCES, INC.

5005 LBJ Freeway, Suite 1000

By: /s/ M. JAY ALLISON

Dallas, Texas 75244
Attention: M. Jay Allison
Telephone: (972) 701-2000
Telecopy: (972) 701-2111

M. Jay Allison, its chairman, president
and chief executive officer

Address for Notices

COMSTOCK OIL & GAS, INC.

5005 LBJ Freeway, Suite 1000

By: /s/ M. JAY ALLISON

Dallas, Texas 75244
Attention: M. Jay Allison
Telephone: (972) 701-2000
Telecopy: (972) 701-2111

M. Jay Allison, its chairman, president
and chief executive officer

COMSTOCK OIL & GAS, LOUISIANA, INC.

5005 LBJ Freeway, Suite 1000

By: /s/ M. JAY ALLISON

Dallas, Texas 75244
Attention: M. Jay Allison
Telephone: (972) 701-2000
Telecopy: (972) 701-2111

M. Jay Allison, its chairman, president
and chief executive officer

COMSTOCK OFFSHORE, LLC

5005 LBJ Freeway, Suite 1000

By: /s/ M. JAY ALLISON

Dallas, Texas 75244
Attention: M. Jay Allison
Telephone: (972) 701-2000
Telecopy: (972) 701-2111

M. Jay Allison, its chairman, president
and chief executive officer

One First National Plaza
Suite 0362
Chicago, Illinois 60670
Attention: Carl Skoog

Telephone No: (312) 732-8011
Facsimile No: (312) 732-3055
Commitment Amount: \$36,794,642.85
Pro Rata Share: 22.6428571%

THE FIRST NATIONAL BANK OF CHICAGO,
as a Bank and as Agent

By: /s/ CARL SKOOG

Its: Authorized Agent

909 Fannin Street, Ste. 1700
Houston, Texas 77010
Attention: Manager,
Credit Administration
Telephone No: (713) 653-8200
Facsimile No: (713) 652-2647
Commitment Amount: \$29,017,857.15
Pro Rata Share: 17.8571428%

TORONTO DOMINION (TEXAS), INC.
as a Bank and as Syndication Agent

By: /s/ DAVID P. PARKER

Its: Vice President

1200 Smith Street, Ste. 3100
Houston, Texas 77002
Attention: Mike Fiuzat
Telephone No: (713) 659-4811
Facsimile No: (713) 659-6915
Commitment Amount: \$23,214,285.72
Pro Rata Share: 14.2857142%

PARIBAS

By: /s/ BART SCHOUET

Its: Managing Director

By: /s/ MICHAEL FIUZAT

Its: Vice President

Commitment Amount: \$21,821,428.57 MEESPIERSON CAPITAL CORP.
Pro Rata Share: 13.4285714%

By: /s/ KAREL LOUMAN

Its: Managing Director

By:/s/ DARRELL W. HOLLEY

Its: Senior Vice President

Address for Operational Notices:
MeesPierson Capital Corp.
300 Crescent Court, Suite 1750
Dallas, Texas 75201
Yolanda Dittmar
Telephone: (214) 754-0009
Telefax: (214) 754-5981

ADDRESSES FOR OTHER NOTICES:

MeesPierson Capital Corp.
300 Crescent Court, Suite 1750
Dallas, Texas 75201
Attn: Karel Louman
Telephone: (214) 754-0009
Telefax: (214) 754-5981

11 West 42nd Street, 7th Floor
New York, New York 10036
Attention: Steve Phillips
Telephone No: (212) 827-4836
Facsimile No: (212) 827-4888
Commitment Amount: \$14,508,928.57
Pro Rata Share: 8.8925714%

CHRISTIANIA BANK OG KREDITKASSE, ASA

By: /s/ PETER M. DODGE

Its: Sr. Vice President

By: /s/ CARL SVENDEN

Its: Vice President

1000 Louisiana Street, Suite 5360
Houston, Texas 77002
Attention: Christine Smith Byerley
Telephone No. (713) 751-0500
Facsimile No: (713) 751-0307
Commitment Amount: \$14,508,928.57
Pro Rata Share: 8.9285714%

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ PHILIPPE SOUSTRA

Its: Senior Vice President

565 Fifth Avenue
New York, NY 10017
Attention: Annie Chin Tat
Telephone No. (212) 450-0871
Facsimile No: (212) 557-9460
Commitment Amount: \$13,928,571.43
Pro Rata Share: 8.5714285%

BANK OF SCOTLAND

By: /s/ ANNIE CHIN TAT

Its Senior Vice President

2121 San Jacinto, Ste. 1850
Dallas, Texas 75201
Attention: Doug Clark
Telephone No: (214) 871-1265
Facsimile No: (214) 871-2015
Commitment Amount: \$8,705,357.14
Pro Rata Share: 5.3571428%

NATIONAL BANK OF CANADA

By: /s/ LARRY L. SEARS

Its: Vice President

By: /s/ DOUG CLARK

Its: Vice President

Lending Office for Floating Rate Loans
125 West 55th Street, 23rd Floor
New York, New York 10019

Lending Office for Eurodollar Loans
125 West 55th Street, 23rd Floor
New York, New York 10019

\$150,000,000

COMSTOCK RESOURCES, INC.

11 1/4% SENIOR NOTES DUE 2007

PLACEMENT AGREEMENT

April 26, 1999

E-111

April 26, 1999

Morgan Stanley & Co. Incorporated
Banc One Capital Markets, Inc.
TD Securities (USA) Inc.
Paribas Corporation
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Dear Sirs and Mesdames:

Comstock Resources, Inc., a Nevada corporation (the "Company"), proposes to issue and sell to the several purchasers named in Schedule I hereto (the "Placement Agents") \$150,000,000 principal amount of its 11 1/4% Senior Notes due 2007 (the "Securities") to be issued pursuant to the provisions of an Indenture to be dated as of April 29, 1999 (the "Indenture") among the Company, the Guarantors (as defined below) and U.S. Trust Company of Texas, N.A., as Trustee (the "Trustee"). The Securities will be guaranteed (the "Subsidiary Guarantees") by each of the entities listed on Schedule II hereto (each, a "Guarantor" and collectively the "Guarantors").

The Securities will be offered without being registered under the

Securities Act of 1933, as amended (the "Securities Act"), to qualified institutional buyers in compliance with the exemption from registration provided by Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S").

The Placement Agents and their direct and indirect transferees will be entitled to the benefits of a Registration Rights Agreement to be dated as of April 29, 1999 between the Company, the Guarantors and the Placement Agents (the "Registration Rights Agreement").

In connection with the sale of the Securities, the Company has prepared a preliminary offering memorandum (the "Preliminary Memorandum") and will prepare a final offering memorandum (the "Final Memorandum" and, with the Preliminary Memorandum, each a "Memorandum") including or incorporating by reference a description of the terms of the Securities, the terms of the offering and a description of the Company. As used herein, the term "Memorandum" shall include in each case the documents incorporated by reference therein. The terms "supplement", "amendment" and "amend" as used herein with respect to a Memorandum shall include all documents deemed to be incorporated by reference in the Preliminary Memorandum or Final Memorandum that are filed subsequent to the date of such Memorandum with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Concurrently with the issue and sale of the Securities to the Placement Agents, the Company is selling to certain purchasers 1,948,001 shares of its Series A 1999 Convertible Preferred Stock, par value \$10.00 per share (the "Series A Preferred Stock"), and 1,051,999 shares of its Series B 1999 NonConvertible Preferred Stock, par value \$10.00 per share (the "Series B Preferred Stock").

1. Representations and Warranties. The Company and the Guarantors jointly and severally represent and warrant to, and agree with, you that:

(a) (i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in either Memorandum complied or will comply when so filed in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder and (ii) the Preliminary Memorandum does not contain and the Final Memorandum, in the form used by the Placement Agents to confirm sales and on the Closing Date (as defined in Section 4), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in either Memorandum based upon information relating to any Placement Agent furnished to the Company in writing by such Placement Agent through you expressly for use therein.

(b) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in each Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(c) Each subsidiary of the Company has been duly organized, is validly existing as a corporation or limited liability company in good standing under the laws of the jurisdiction of its organization, has the corporate power and authority to own its property and to conduct its business as described in each Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole; all of the issued shares of capital stock or other ownership interest of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly, or indirectly through one of the other subsidiaries, by the Company, free and clear of all liens, encumbrances, equities or claims, except for pledges of such shares or ownership interest pursuant to the Company's bank credit facility described in the Memorandum.

(d) This Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors.

(e) All of the shares of common stock, par value \$.50 per share ("Common Stock"), of the Company that are outstanding have been duly authorized and are validly issued, fully paid and non-assessable.

(f) The Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Placement Agents in accordance with the terms of this Agreement, will be valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity, and will be entitled to the benefits of the Indenture and the Registration Rights Agreement pursuant to which such Securities are to be issued.

(g) Each Subsidiary Guarantee to be endorsed on the Securities by each Guarantor has been duly authorized by such Guarantor and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Placement Agents in accordance with the terms of this Agreement, will be valid and binding obligations of the Guarantors, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity, and will be entitled to the benefits of the Indenture and the Registration Rights Agreement pursuant to which such Subsidiary Guarantees are to be issued.

(h) Each of the Indenture and the Registration Rights Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company and each of the Guarantors, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity and except as rights to indemnification and contribution under the Registration Rights Agreement may be limited under applicable law.

(i) The Securities, the Subsidiary Guarantees, the Indenture and the Registration Rights Agreement will conform in all material respects to the respective statements relating thereto contained in the Final Memorandum and will be in substantially the respective forms previously delivered to the Placement Agents.

(j) The execution and delivery by the Company and the Guarantors, as the case may be, of, and the performance by the Company and the Guarantors, as the case may be, of their obligations under, this Agreement, the Indenture, the Registration Rights Agreement, the Securities and the Subsidiary Guarantees will not contravene any provision of applicable law or the certificate or articles of incorporation or by-laws or other organizational documents of the Company or any of the Guarantors or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company or any of the Guarantors of its obligations under this Agreement, the Indenture, the Registration Rights Agreement, the Securities or the Subsidiary Guarantors, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Securities and by Federal and state securities laws with respect to the Company's obligations under the Registration Rights Agreement.

(k) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Final Memorandum.

(l) Subsequent to the respective dates as of which information is given in the Final Memorandum, (1) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (2) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (3) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, except in each case as described in the Final Memorandum.

(m) There are no legal or governmental proceedings pending or, to the Company's knowledge, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject other than proceedings accurately described in all material respects in each Memorandum and proceedings that would not have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company and the Guarantors to perform their obligations under this Agreement, the Indenture, the Registration Rights Agreement, the Securities or the Subsidiary Guarantees or to consummate the transactions contemplated by the Final Memorandum.

(n) Neither the Company nor any of its subsidiaries is in violation of its certificate or articles of incorporation or by-laws, or other organizational documents, or of any law, ordinance, administrative or governmental rule or regulation applicable to the Company or any of its subsidiaries or of any judgement, order or decree of any governmental body, agency or court having jurisdiction over the Company or any of its subsidiaries, or in default in any material respect in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any material agreement, indenture, lease or other instrument to which the Company or any of its subsidiaries is a party or by which any of them or any of their respective properties may be bound.

(o) The accountants, Arthur Andersen LLP, who have certified or shall certify the financial statements included in each Memorandum, are independent public accountants as required by the Securities Act.

(p) Lee Keeling and Associates, Inc. are independent petroleum consultants with respect to the Company and its subsidiaries.

(q) The consolidated historical financial statements, together with related schedules and notes, included in each Memorandum comply as to form in all material respects with the requirements applicable to registration statements on Form S-1 under the Securities Act. Such historical financial statements present fairly the consolidated financial position, results of operations and changes in financial position of the Company and its subsidiaries on the basis stated in each Memorandum at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein. The other financial and statistical information and data included in each Memorandum are accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company and its subsidiaries.

(r) The Company and each of its subsidiaries has (1) generally satisfactory title to all its interests in its oil and gas properties, title investigations having been carried out by the Company and each of its subsidiaries in accordance with the general practice in the oil and gas industry, (2) good and marketable title in fee simple to all other real property owned by it and (3) good and marketable title to all personal property owned by it, in each case free and clear of all liens, encumbrances, claims, security interests, subleases and defects except such as are described in the Final Memorandum or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings of the Company and its subsidiaries.

(s) None of the Company or its subsidiaries has violated any environmental safety or similar law or regulation applicable to its business relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), lacks any permits, licenses or other approvals required of them under applicable Environmental Laws to own, lease and operate their respective properties and to conduct their business in the manner described in the Final Memorandum, is violating any terms and conditions of any such permit, license or approval or has permitted to occur any event that allows, or after notice or lapse of time would allow, revocation or termination of any such permit, license or approval or result in any other impairment of their rights thereunder, which in each case would have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(t) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (1) transactions are executed in accordance with management's general or specific authorizations; (2) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(u) The Company and each of its subsidiaries have filed all material tax returns required to be filed, which returns are complete and correct in all material respects, and neither the Company nor any of its subsidiaries is in default in the payment of any taxes which were payable pursuant to said returns or any assessments with respect thereto.

(v) The Company and its subsidiaries own or possess all patents, trademarks, trademark registration, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights described in the Final Memorandum as being owned by them or any of them or necessary for the conduct of their respective businesses, and the Company is not aware of any claim to the contrary or any challenge by any other person to the rights of the Company and its subsidiaries with respect to the foregoing.

(w) The Company and its subsidiaries are insured by the insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the Company and its subsidiaries, taken as a whole, except as described in the Final Memorandum.

(x) The Company has reviewed its operations and that of its subsidiaries to evaluate the extent to which the business or operations of the Company or any of its subsidiaries will be affected by the Year 2000 Problem (that is, any significant risk that computer hardware or software applications used by the Company and its subsidiaries will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000); as a result of such review, (1) the Company has no reason to believe, and does not believe, that (A) there are any issues related to the Company's preparedness to address the Year 2000 Problem that are of a character required to be described or referred to in the Final

Memorandum which have not been accurately described in the Final Memorandum and (B) the Year 2000 Problem will have a material adverse effect on the condition, financial or otherwise, or on the earnings, business or operations of the Company and its subsidiaries, taken as a whole, or result in any material loss or interference with the business or operations of the Company and its subsidiaries, taken as a whole; and (2) the Company reasonably believes, after due inquiry, that the suppliers, vendors, customers or other material third parties used or served by the Company and such subsidiaries are addressing or will address the Year 2000 Problem in a timely manner, except to the extent that a failure to address the Year 2000 Problem by any supplier, vendor, customer or material third party would not have a material adverse effect on the condition, financial or otherwise, or on the earnings, business or operations of the Company and its subsidiaries, taken as a whole.

(y) All indebtedness of the Company and the Guarantors that will be repaid with the proceeds of the issuance and sale of the Securities was incurred, and the indebtedness represented by the Securities is being incurred, for proper purposes and in good faith and each of the Company and the Guarantors was, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Securities, and will be on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Securities) solvent, and had at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Securities and will have on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Securities) sufficient capital for carrying on their respective business and were, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Securities and will be on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Securities), able to pay their respective debts as they mature.

(z) The Company is not, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Final Memorandum, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(aa) Neither the Company nor any affiliate (as defined in Rule 501(b) of Regulation D under the Securities Act, an "Affiliate") of the Company has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the Securities or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Securities, (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(bb) None of the Company, its Affiliates or any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities and the Company and its Affiliates and any person acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S, except no representation, warranty or agreement is made by the Company in this paragraph with respect to the Placement Agents.

(cc) It is not necessary in connection with the offer, sale and delivery of the Securities to the Placement Agents in the manner contemplated by this Agreement to register the Securities and the Subsidiary Guarantees under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(dd) The Securities satisfy the requirements set forth in Rule 144A(d)(3) under the Securities Act.

(ee) The Series A Preferred Stock and the Series B Preferred Stock will conform in all material respects to the respective statements relating thereto contained in the Final Memorandum and will be in substantially the respective forms previously delivered to the Placement Agents. The issuance and sale of the Series A Preferred Stock and the Series B Preferred Stock by the Company does not require registration under the Securities Act nor does it require any consent, approval, authorization or order of, or qualification with, any governmental body or agency. The issuance and sale of the Series A Preferred Stock and the Series B Preferred Stock by the Company does not require the consent, or approval or authorization of the New York Stock Exchange or the shareholders of the Company.

2. Agreements to Sell and Purchase. The Company hereby agrees to sell to the several Placement Agents, and each Placement Agent, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective principal amount of Securities set forth in Schedule I hereto opposite its name at a purchase price of 96.7453% of the principal amount thereof (the "Purchase Price") plus accrued interest, if any, to the Closing Date.

The Company hereby agrees that, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the Placement Agents, it will not, during the period beginning on the date hereof and continuing to and including the Closing Date, offer, sell, contract to sell or otherwise dispose of any debt of the Company or warrants to purchase debt of the Company substantially similar to the Securities (other than the sale of the Securities under this Agreement).

3. Terms of Offering. You have advised the Company that the Placement Agents will make an offering of the Securities purchased by the Placement Agents hereunder on the terms to be set forth in the Final Memorandum, as soon as practicable after this Agreement is entered into as in your judgment is advisable.

4. Payment and Delivery. Payment for the Securities shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Securities for the respective accounts of the several Placement Agents at 10:00 a.m., New York City time, on April 29, 1999, or at such other time on the same or such other date, not later than May 6, 1999, as shall be designated in writing by you. The time and date of such payment are hereinafter referred to as the "Closing Date."

Certificates for the Securities shall be in definitive form or global form, as specified by you, and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date. The certificates evidencing the Securities shall be delivered to you on the Closing Date for the respective accounts of the several Placement Agents, with any transfer taxes payable in connection with the transfer of the Securities to the Placement Agents duly paid, against payment of the Purchase Price therefor plus accrued interest, if any, to the date of payment and delivery.

5. Conditions to the Placement Agents' Obligations. The several obligations of the Placement Agents to purchase and pay for the Securities on the Closing Date are subject to the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities or in the rating outlook for the Company by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Final Memorandum (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement) that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Securities on the terms and in the manner contemplated in the Final Memorandum.

(b) The Placement Agents shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company and each of the Guarantors, to the effect set forth in Section 5(a)(i) and to the effect that the representations and warranties of the Company and the Guarantors contained in this Agreement are true and correct as of the Closing Date and that the Company and the Guarantors have complied with all of the agreements and satisfied all of the conditions on their part to be performed or satisfied hereunder on or before the Closing Date.

The officers signing and delivering such certificates may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Placement Agents shall have received on the Closing Date an opinion of Locke Liddell & Sapp LLP, outside counsel for the Company and the Guarantors, dated the Closing Date, to the effect set forth in Exhibit A. Such opinion shall be rendered to the Placement Agents at the request of the Company and the Guarantors and shall so state therein.

(d) The Placement Agents shall have received on the Closing Date an opinion of Baker & Botts, L.L.P., counsel for the Placement Agents, dated the Closing Date, to the effect set forth in Exhibit B.

(e) The Placement Agents shall have received on each of the date hereof and the Closing Date a letter, dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Placement Agents, from Arthur Andersen LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Final Memorandum; provided that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(f) The Placement Agents shall have received a counterpart, conformed as executed, of the Indenture which shall have been entered into by the Company, the Guarantors and the Trustee.

(g) The Company and the Guarantors shall have executed the Registration Rights Agreement and the Placement Agents shall have received an original copy thereof, duly executed by the Company and the Guarantors.

(h) The sale by the Company of 1,948,001 shares of its Series A preferred Stock and 1,051,999 shares of its Series B preferred Stock for an aggregate purchase price of \$30,000,000 shall have been consummated prior to or concurrently with the sale by the Company of the Securities pursuant to this Agreement.

6. Covenants of the Company. In further consideration of the agreements of the Placement Agents contained in this Agreement, the Company and the Guarantors covenant with each Placement Agent as follows:

(a) To furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(c), as many copies of the Final Memorandum, any documents incorporated by reference therein and any supplements and amendments thereto as you may reasonably request.

(b) Before amending or supplementing either Memorandum, to furnish to you a copy of each such proposed amendment or supplement and not to use any such proposed amendment or supplement to which you reasonably object.

(c) If, during such period after the date hereof and prior to the date on which all of the Securities shall have been sold by the Placement Agents, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Final Memorandum in order to make the statements therein, in the light of the circumstances when the Final Memorandum is delivered to a purchaser, not misleading, or if, in the opinion of the Placement Agents, it is necessary to amend or supplement the Final Memorandum to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Placement Agents, either amendments or supplements to the Final Memorandum so that the statements in the Final Memorandum as so amended or supplemented will not, in the light of the circumstances when the Final Memorandum is delivered to a purchaser, be misleading or so that the Final Memorandum, as amended or supplemented, will comply with applicable law.

(d) To endeavor to qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request, provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction where it is not now so subject.

(e) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of their obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's and the Guarantors' counsel and the Company's and the Guarantors' accountants in connection with the issuance and sale of the Securities and all other fees or expenses in connection with the preparation of each Memorandum and all amendments and supplements thereto, including all printing costs associated therewith, and the delivering of copies thereof to the Placement Agents, in the quantities herein above specified, (ii) all costs and expenses related to the transfer and delivery of the Securities to the Placement Agents, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or legal investment memorandum in connection with the offer and sale of the Securities under state securities laws and all expenses in connection with the qualification of the Securities for offer and sale under state securities laws as provided in Section 6(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Placement

Agents in connection with such qualification and in connection with the Blue Sky or legal investment memorandum, (iv) any fees charged by rating agencies for the rating of the Securities, (v) all document production charges and expenses of counsel to the Placement Agents (but not including their fees for professional services) in connection with the preparation of this Agreement, (vi) the fees and expenses, if any, incurred in connection with the admission of the Securities for trading in PORTAL or any appropriate market system, (vii) the costs and charges of the Trustee and any transfer agent, registrar or depository, (viii) the cost of the preparation, issuance and delivery of the Securities, (ix) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Securities, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, and (x) all other cost and expenses incident to the performance of the obligations of the Company and the Guarantors hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 8, and the last paragraph of Section 10, the Placement Agents will pay all of their costs and expenses, including fees and disbursements of their counsel, travel and lodging expenses of representatives of the Placement Agents, transfer taxes payable on resale of any of the Securities by them and any advertising expenses connected with any offers they may make.

(f) Neither the Company nor any Affiliate will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) which could be integrated with the sale of the Securities in a manner which would require the registration under the Securities Act of the Securities.

(g) Not to solicit any offer to buy or offer or sell the Securities by means of any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(h) While any of the Securities remain "restricted securities" within the meaning of the Securities Act, to make available, upon request, to any seller of such Securities the information specified in Rule 144A(d)(4) under the Securities Act, unless the Company is then subject to Section 13 or 15(d) of the Exchange Act.

(i) If requested by you, to use its best efforts to permit the Securities to be designated PORTAL securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to trading in the PORTAL Market.

(j) None of the Company, its Affiliates or any person acting on its or their behalf (other than the Placement Agents) will engage in any directed selling efforts (as that term is defined in Regulation S) with respect to the Securities, and the Company and its Affiliates and each person acting on its or their behalf (other than the Placement Agents) will comply with the offering restrictions requirement of Regulation S.

(k) During the period of two years after the Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

7. Offering of Securities; Restrictions on Transfer. (a) Each Placement Agent, severally and not jointly, represents and warrants that such Placement Agent is a qualified institutional buyer as defined in Rule 144A under the Securities Act (a "QIB"). Each Placement Agent, severally and not jointly, agrees with the Company that (i) it will not solicit offers for, or offer or sell, such Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (ii) it will solicit offers for such Securities only from, and will offer such Securities only to, persons that it reasonably believes to be (A) in the case of offers inside the United States, QIBs and (B) in the case of offers outside the United States, to persons other than U.S. persons ("foreign purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act that, in each case, in purchasing such Securities are deemed to have represented and agreed as provided in the Final Memorandum under the caption "Transfer Restrictions".

(b) Each Placement Agent, severally and not jointly, represents, warrants, and agrees with respect to offers and sales outside the United States that:

(i) such Placement Agent understands that no action has been or will be taken in any jurisdiction by the Company that would permit a public offering of the Securities, or possession or distribution of either Memorandum or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required;

(ii) such Placement Agent will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes either Memorandum or any such other material, in all cases at its own expense;

(iii) the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 144A or Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act;

(iv) such Placement Agent has offered the Securities and will offer and sell the Securities (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S or as otherwise permitted in Section 7(a); accordingly, neither such Placement Agent, its Affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Securities, and any such Placement Agent, its Affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S;

(v) such Placement Agent has (A) not offered or sold and will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services Act 1986; (B) complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and (C) only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Securities to a person who is of a kind

described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on;

(vi) such Placement Agent understands that the Securities have not been and will not be registered under the Securities and Exchange Law of Japan, and represents that it has not offered or sold, and agrees not to offer or sell, directly or indirectly, any Securities in Japan or for the account of any resident thereof except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan and otherwise in compliance with applicable provisions of Japanese law; and

(vii) such Placement Agent agrees that, at or prior to confirmation of sales of the Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this Section 7(b) have the meanings given to them by Regulation S.

8. Indemnity and Contribution. (a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless each Placement Agent and each person, if any, who controls any Placement Agent within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in either Memorandum (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Placement Agent furnished to the Company in writing by such Placement Agent through you expressly for use therein.

(b) Each Placement Agent agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors, their directors, its officers and each person, if any, who controls the Company or any Guarantor within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company and the Guarantors to such Placement Agent, but only with reference to information relating to such Placement Agent furnished to the Company in writing by such Placement Agent through you expressly for use in either Memorandum or any amendments or supplements thereto.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b), such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the

indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Placement Agents on the other hand from the offering of the Securities or (ii) if the allocation provided by clause 8(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company and the Guarantors on the one hand and of the Placement Agents on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors on the one hand and the Placement Agents on the other hand in connection with the offering of the Securities shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Securities (before deducting expenses) received by the Company and the Guarantors and the total discounts and commissions received by the Placement Agents, in each case as set forth in the Final Memorandum, bear to the aggregate offering price of the Securities. The relative fault of the Company and the Guarantors on the one hand and of the Placement Agents on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors or by the Placement Agents and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such

statement or omission. The Placement Agents' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective principal amount of Securities they have purchased hereunder, and not joint.

(e) The Company, the Guarantors and the Placement Agents agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Placement Agents were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Placement Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Securities resold by it in the initial placement of such Securities were offered to investors exceeds the amount of any damages that such Placement Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Placement Agent or any person controlling any Placement Agent or by or on behalf of the Company, or any Guarantor, their officers or directors or any person controlling the Company or any Guarantor and (iii) acceptance of and payment for any of the Securities.

9. Termination. This Agreement shall be subject to termination by notice given by you to the Company, if (a) after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and (b) in the case of any of the events specified in clauses 9(a)(i) through 9(a)(iv), such event, singly or together with any other such event, makes it, in your judgment, impracticable to market the Securities on the terms and in the manner contemplated in the Final Memorandum.

10. Effectiveness; Defaulting Placement Agents. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date, any one or more of the Placement Agents shall fail or refuse to purchase Securities that it or they have agreed to purchase hereunder on such date, and the aggregate principal amount of Securities which such defaulting Placement Agent or Placement Agents agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of Securities to be purchased on such date, the other Placement Agents shall be obligated severally in the proportions that the principal amount of Securities set forth opposite their respective names in Schedule I bears to the aggregate principal amount of Securities set forth opposite the names of all such non-defaulting Placement Agents, or in such other proportions as you may specify, to purchase the Securities which such defaulting Placement Agent or Placement Agents agreed but failed or refused to purchase on such date; provided

that in no event shall the principal amount of Securities that any Placement Agent has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such principal amount of Securities without the written consent of such Placement Agent. If, on the Closing Date any Placement Agent or Placement Agents shall fail or refuse to purchase Securities which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased on such date, and arrangements satisfactory to you and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Placement Agent or of the Company and the Guarantors. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Final Memorandum or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Placement Agent from liability in respect of any default of such Placement Agent under this Agreement.

If this Agreement shall be terminated by the Placement Agents, or any of them, because of any failure or refusal on the part of the Company or any Guarantor to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company or any Guarantor shall be unable to perform its obligations under this Agreement, the Company and the Guarantors will reimburse the Placement Agents or such Placement Agents as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Placement Agents in connection with this Agreement or the offering contemplated hereunder.

11. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

12. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

13. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

Very truly yours,

COMSTOCK RESOURCES, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President
and Chief Executive Officer

COMSTOCK OIL & GAS, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President
and Chief Executive Officer

COMSTOCK OIL & GAS - LOUISIANA, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President
and Chief Executive Officer

COMSTOCK OFFSHORE LLC

By: /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President
and Chief Executive Officer

Accepted as of the date hereof.

Morgan Stanley & Co. Incorporated
Banc One Capital Markets, Inc.
TD Securities (USA) Inc.
Paribas Corporation

Acting severally on behalf of themselves
and the several Placement Agents named
in Schedule I hereto.

By: Morgan Stanley & Co. Incorporated

By: /s/ DANIEL H. KLAUSNER

Name: Daniel H. Klausner
Title: Vice President

SCHEDULE I

Placement Agent	Principal Amount of Securities to be Purchased
- - - - -	- - - - -
Morgan Stanley & Co. Incorporated.....	\$112,500,000
Banc One Capital Markets, Inc.....	25,005,000
TD Securities (USA) Inc.....	7,500,000
Paribas Corporation.....	4,995,000
	- - - - -
Total.....	\$150,000,000
	=====

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into April 29, 1999, among COMSTOCK RESOURCES, INC., a Nevada corporation (the "Company"), COMSTOCK OIL & GAS, INC., a Nevada corporation, COMSTOCK OIL & GAS - LOUISIANA, INC., a Nevada corporation, and COMSTOCK OFFSHORE LLC, a Nevada limited liability company (each, a "Guarantor," and collectively, the "Guarantors"), and MORGAN STANLEY & CO. INCORPORATED, BANC ONE CAPITAL MARKETS, INC., TD SECURITIES (USA) INC. and PARIBAS CORPORATION (each, a "Placement Agent," and collectively, the "Placement Agents").

This Agreement is made pursuant to the Placement Agreement dated April 26, 1999, among the Company, the Guarantors and the Placement Agents (the "Placement Agreement"), which provides for the sale by the Company to the Placement Agents of an aggregate of \$150,000,000 principal amount of the Company's 11 1/4% Senior Notes due 2007 (the "Securities"). In order to induce the Placement Agents to enter into the Placement Agreement, the Company and the Guarantors here agreed to provide to the Placement Agents and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Placement Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

5. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" shall mean the Closing Date as defined in the Placement Agreement.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Exchange Offer" shall mean the exchange offer by the Company and the Guarantors of Exchange Securities for Registrable Securities pursuant to Section 2(a) hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form) and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Securities" shall mean securities issued by the Company (and guaranteed by the Guarantors) under the Indenture containing terms identical to the Securities (except that (i) interest thereon shall accrue from the last date on which interest was paid on the Securities or, if no such interest has been paid, from the Closing Date and (ii) the Exchange Securities will not contain restrictions on transfer) and to be offered to Holders of Securities in exchange for Securities pursuant to the Exchange Offer.

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"Holder" shall mean the Placement Agents, for so long as they own any Registrable Securities, and each of their successors,

assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture; provided that for purposes of Sections 4 and 5 of this Agreement, the term "Holder" shall include Participating Broker-Dealers (as defined in Section 4(a)).

"Indenture" shall mean the Indenture relating to the Securities dated as of April 29, 1999 among the Company, the Guarantors and U.S. Trust Company of Texas, N.A., as trustee, and as the same may be amended from time to time in accordance with the terms thereof.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of outstanding Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company or any of its affiliates (as such term is defined in Rule 405 under the 1933 Act) (other than the Placement Agents or subsequent Holders of Registrable Securities if such subsequent holders are deemed to be such affiliates solely by reason of their holding of such Registrable Securities) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"Person" shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Placement Agents" shall have the meaning set forth in the preamble.

"Placement Agreement" shall have the meaning set forth in the preamble.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including all material incorporated by reference therein.

"Registrable Securities" shall mean the Securities; provided, however, that the Securities shall cease to be Registrable Securities (i) when a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) when such Securities have been sold to the public pursuant to Rule 144(k) (or any similar provision then in force, but not Rule 144A) under the 1933 Act or (iii) when such Securities shall have ceased to be outstanding.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company and the Guarantors with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements relating to the

qualification of the Indenture under applicable securities laws, (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and disbursements of counsel for the Company and the Guarantors and, in the case of a Shelf Registration Statement, the fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Placement Agent) and (viii) the fees and disbursements of the independent public accountants of the Company and the Guarantors, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, but excluding fees and expenses of counsel to the underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company and the Guarantors that covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company and the Guarantors pursuant to the provisions of Section 2(b) of this Agreement which covers all of the Registrable Securities (but no other securities unless approved by the Holders whose Registrable Securities are covered by such Shelf Registration Statement) on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

"Underwriter" shall have the meaning set forth in Section 3 hereof.

"Underwritten Registration" or "Underwritten Offering" shall mean a registration in which Registrable Securities are sold to an Underwriter for reoffering to the public.

6. Registration Under the 1933 Act.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the Staff of the SEC, the Company and the Guarantors shall use their best efforts to cause to be filed an Exchange Offer Registration Statement covering the offer by the Company to the Holders to exchange all of the Registrable Securities for Exchange Securities and to have such Registration Statement remain effective until the closing of the Exchange Offer. The Company and the Guarantors shall commence the Exchange Offer promptly after the Exchange Offer Registration Statement has been declared effective by the SEC and use their best efforts to have the Exchange Offer consummated not later than 60 days after such effective date. The Company and the Guarantors shall commence the Exchange Offer by mailing the related exchange offer Prospectus and accompanying documents to each Holder stating, in addition to such other disclosures as are required by applicable law:

(i) that the Exchange Offer is being made pursuant to this Registration Rights Agreement and that all Registrable Securities validly tendered will be accepted for exchange;

(ii) the dates of acceptance for exchange (which shall be a period of at least 20 business days from the date such notice is mailed) (the "Exchange Dates");

(iii) that any Registrable Security not tendered will remain outstanding and continue to accrue interest, but will not retain any rights under this Registration Rights Agreement;

(iv) that Holders electing to have a Registrable Security exchanged pursuant to the Exchange Offer will be required to surrender such Registrable Security, together with the enclosed letters of transmittal, to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice prior to the close of business on the last Exchange Date; and

(v) that Holders will be entitled to withdraw their election, not later than the close of business on the last Exchange Date, by sending to the institution and at the address (located in the Borough of Manhattan, The City of New York) specified in the notice a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange and a statement that such Holder is withdrawing his election to have such Registrable Securities exchanged.

As soon as practicable after the last Exchange Date, the Company shall:

(i) accept for exchange Registrable Securities or portions thereof tendered and not validly withdrawn pursuant to the Exchange Offer; and

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities or portions thereof so accepted for exchange by the Company and issue, and cause the Trustee to promptly authenticate and mail to each Holder, an Exchange Security equal in principal amount to the principal amount of the Registrable Securities surrendered by such Holder.

The Company and the Guarantors shall use their best efforts to complete the Exchange Offer as provided above and shall comply with the applicable requirements of the 1933 Act, the 1934 Act and other applicable laws and regulations in connection with the Exchange Offer. The Exchange Offer shall not be subject to any conditions, other than that the Exchange Offer does not violate applicable law or any applicable interpretation of the Staff of the SEC. The Company shall inform the Placement Agents of the names and addresses of the Holders to whom the Exchange Offer is made, and the Placement Agents shall have the right, subject to applicable law, to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

(b) In the event that (i) the Company and the Guarantors determine that the Exchange Offer Registration provided for in Section 2(a) above is not available or may not be consummated as soon as practicable after the last Exchange Date because it would violate applicable law or the applicable interpretations of the Staff of the SEC, (ii) the Exchange Offer is not for any other reason consummated by October 29, 1999 or (iii) the Exchange Offer has been completed and in the opinion of counsel for the Placement Agents a Registration Statement must be filed and a Prospectus must be delivered by the Placement Agents in connection with any offering or sale of Registrable Securities, the Company and the Guarantors shall use their best efforts to cause to be filed as soon as practicable after such determination, date or notice of such opinion of counsel is given to the Company, as the case may be, a Shelf Registration Statement providing for the sale by the Holders of all of the

Registrable Securities and to have such Shelf Registration Statement declared effective by the SEC. In the event the Company and the Guarantors are required to file a Shelf Registration Statement solely as a result of the matters referred to in clause (iii) of the preceding sentence, the Company and the Guarantors shall use their best efforts to file and have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) with respect to all Registrable Securities and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Registrable Securities held by the Placement Agents after completion of the Exchange Offer. The Company and the Guarantors agree to use their best efforts to keep the Shelf Registration Statement continuously effective until the expiration of the period referred to in Rule 144(k) with respect to the Registrable Securities or such shorter period that will terminate when all of the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement. The Company and the Guarantors further agree to supplement or amend the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company and the Guarantors for such Shelf Registration Statement or by the 1933 Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder with respect to information relating to such Holder, and to use its best efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as thereafter practicable. The Company and the Guarantors agree to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after it is used or filed with the SEC.

(c) The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) and Section 2(b). Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(d) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof or a Shelf Registration Statement pursuant to Section 2(b) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that, if, after it has been declared effective, the offering of Registrable Securities pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference until the offering of Registrable Securities pursuant to such Registration Statement may legally resume. In the event the Exchange Offer is not consummated and the Shelf Registration Statement is not declared effective on or prior to October 29, 1999, the interest rate on the Securities will be increased by 0.5% per annum until the Exchange Offer is consummated or the Shelf Registration Statement is declared effective by the SEC.

(e) Without limiting the remedies available to the Placement Agents and the Holders, the Company and the Guarantors acknowledge that any failure by the Company or any Guarantor to comply with their respective obligations under Section 2(a) and Section 2(b) hereof may result in material irreparable injury to the Placement Agents or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Placement Agents or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantors' obligations under Section 2(a) and Section 2(b) hereof.

7. Registration Procedures.

In connection with the obligations of the Company and the Guarantors with respect to the Registration Statements pursuant to Section 2(a) and Section 2(b) hereof, the Company and the Guarantors shall as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement on the appropriate form under the 1933 Act, which form (x) shall be selected by the Company and (y) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and (z) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the 1933 Act; to keep each Prospectus current during the period described under Section 4(3) and Rule 174 under the 1933 Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities or Exchange Securities;

(c) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, to counsel for the Placement Agents, to counsel for the Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or Underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; and the Company and the Guarantors consent to the use of such Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the selling Holders of Registrable Securities and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus or any amendment or supplement thereto in accordance with applicable law;

(d) use its best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement shall reasonably request in writing by the time the applicable Registration Statement is declared effective by the SEC, to cooperate with such Holders in connection with any filings required to be made with the National Association of Securities Dealers, Inc. and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that neither the Company or any Guarantor shall be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (ii) file any general consent to service of process or (iii) subject itself to taxation in any such jurisdiction if it is not so subject;

(e) in the case of a Shelf Registration, notify each Holder of Registrable Securities, counsel for the Holders and counsel for the Placement Agents promptly and, if requested by any such Holder or counsel, confirm such advice in writing (i) when a Registration Statement has become effective and when any post-effective amendment thereto has been filed and becomes effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities

covered thereby, the representations and warranties of the Company and the Guarantors contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects or if the Company or any Guarantor receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (v) of the happening of any event during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of any determination by the Company or any Guarantor that a post-effective amendment to a Registration Statement would be appropriate;

(f) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(g) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(h) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders may reasonably request at least one business day prior to the closing of any sale of Registrable Securities;

(i) in the case of a Shelf Registration, upon the occurrence of any event contemplated by Section 3(e)(v) hereof, use its best efforts to prepare and file with the SEC a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company and the Guarantors agree to notify the Holders to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend use of the Prospectus until the Company and the Guarantors have amended or supplemented the Prospectus to correct such misstatement or omission;

(j) a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Placement Agents and their counsel (and, in the case of a Shelf Registration Statement, the Holders and their counsel) and make such of the representatives of the Company and the Guarantors as shall be reasonably requested by the Placement Agents or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) available for discussion of such document, and shall not at any time file or make any amendment to the Registration Statement, any Prospectus or any amendment of or supplement to a Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus, of which the Placement Agents and their counsel (and, in the case of a Shelf

Registration Statement, the Holders and their counsel) shall not have previously been advised and furnished a copy or to which the Placement Agents or their counsel (and, in the case of a Shelf Registration Statement, the Holders or their counsel) shall object;

(k) obtain a CUSIP number for all Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement;

(l) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and execute, and use its best efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(m) in the case of a Shelf Registration, make available for inspection by a representative of the Holders of the Registrable Securities, any Underwriter participating in any disposition pursuant to such Shelf Registration Statement, and attorneys and accountants designated by the Holders, at reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company and the Guarantors, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement;

(n) in the case of a Shelf Registration, use its best efforts to cause all Registrable Securities to be listed on any securities exchange or any automated quotation system on which similar securities issued by the Company and the Guarantors are then listed if requested by the Majority Holders, to the extent such Registrable Securities satisfy applicable listing requirements;

(o) use its best efforts to cause the Exchange Securities or Registrable Securities, as the case may be, to be rated by two nationally recognized statistical rating organizations (as such term is defined in Rule 436(g)(2) under the 1933 Act);

(p) if reasonably requested by any Holder of Registrable Securities covered by a Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such filing; and

(q) in the case of a Shelf Registration, enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority of the Registrable Securities being sold) in order to expedite or facilitate the disposition of such Registrable Securities including, but not limited to, an Underwritten Offering and in such connection, (i) to the extent possible, make such representations and warranties to the Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries, including the Guarantors, the Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (ii) obtain opinions of counsel to the Company and the Guarantors (which counsel and opinions,

in form, scope and substance, shall be reasonably satisfactory to the Holders and such Underwriters and their respective counsel) addressed to each selling Holder and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings, (iii) obtain "cold comfort" letters from the independent certified public accountants of the Company and the Guarantors (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company or any Guarantor for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each selling Holder and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the Holders of a majority in principal amount of the Registrable Securities being sold or the Underwriters, and which are customarily delivered in underwritten offerings, to evidence the continued validity of the representations and warranties of the Company and the Guarantors made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

In the case of a Shelf Registration Statement, the Company and the Guarantors may require each Holder of Registrable Securities to furnish to the Company and the Guarantors such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company and the Guarantors may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company or any Guarantor of the happening of any event of the kind described in Section 3(e)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof, and, if so directed by the Company or any Guarantor, such Holder will deliver to the Company (at its expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. If the Company or any Guarantor shall give any such notice to suspend the disposition of Registrable Securities pursuant to a Registration Statement, the Company and the Guarantors shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company and the Guarantors may give any such notice only twice during any 365 day period and any such suspensions may not exceed 30 days for each suspension and there may not be more than two suspensions in effect during any 365 day period.

The Holders of Registrable Securities covered by a Shelf Registration Statement who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers (the "Underwriters") that will administer the offering will be selected by the Majority Holders of the Registrable Securities included in such offering.

8. Participation of Broker-Dealers in Exchange Offer.

(a) The Staff of the SEC has taken the position that any broker-dealer that receives Exchange Securities for its own account in the Exchange Offer in exchange for Securities that were acquired by such broker-dealer as a result of market-making or other trading activities (a "Participating Broker-Dealer"), may be deemed to be an "underwriter" within the meaning of the 1933 Act and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

The Company and the Guarantors understand that it is the Staff's position that if the Prospectus contained in the Exchange Offer Registration Statement includes a plan of distribution containing a statement to the above effect and the means by which Participating Broker-Dealers may resell the Exchange Securities, without naming the Participating Broker-Dealers or specifying the amount of Exchange Securities owned by them, such Prospectus may be delivered by Participating Broker-Dealers to satisfy their prospectus delivery obligation under the 1933 Act in connection with resales of Exchange Securities for their own accounts, so long as the Prospectus otherwise meets the requirements of the 1933 Act.

(b) In light of the above, notwithstanding the other provisions of this Agreement, the Company and the Guarantors agree that the provisions of this Agreement as they relate to a Shelf Registration shall also apply to an Exchange Offer Registration to the extent, and with such reasonable modifications thereto as may be, reasonably requested by the Placement Agents or by one or more Participating Broker-Dealers, in each case as provided in clause (ii) below, in order to expedite or facilitate the disposition of any Exchange Securities by Participating Broker-Dealers consistent with the positions of the Staff recited in Section 4(a) above; provided that:

(i) the Company and the Guarantors shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement, as would otherwise be contemplated by Section 3(i), for a period exceeding 180 days after the last Exchange Date (as such period may be extended pursuant to the penultimate paragraph of Section 3 of this Agreement) and Participating Broker-Dealers shall not be authorized by the Company and the Guarantors to deliver and shall not deliver such Prospectus after such period in connection with the resales contemplated by this Section 4; and

(ii) the application of the Shelf Registration procedures set forth in Section 3 of this Agreement to an Exchange Offer Registration, to the extent not required by the positions of the Staff of the SEC or the 1933 Act and the rules and regulations thereunder, will be in conformity with the reasonable request to the Company by the Placement Agents or with the reasonable request in writing to the Company by one or more broker-dealers who certify to the Placement Agents and the Company in writing that they anticipate that they will be Participating Broker-Dealers; and provided further that, in connection with such application of the Shelf Registration procedures set forth in Section 3 to an Exchange Offer Registration, the Company and the Guarantors shall be obligated (x) to deal only with one entity representing the Participating Broker-Dealers, which shall be Morgan Stanley & Co. Incorporated unless it elects not to act as such representative, (y) to pay the fees and expenses of only one counsel representing the Participating Broker-Dealers, which shall be counsel to the Placement Agents unless such counsel elects not to so act and (z) to cause to be delivered only one, if any, "cold comfort" letter with respect to the Prospectus in the form existing on the last Exchange Date and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (i) above.

(c) The Placement Agents shall have no liability to the Company, any Guarantor or any Holder with respect to any request that it may make pursuant to Section 4(b) above.

9. Indemnification and Contribution.

(a) The Company and the Guarantors agree, severally and jointly, to indemnify and hold harmless the Placement Agents, each Holder and each Person, if any, who controls any Placement Agent or any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, or is under common control with, or is controlled by, any Placement Agent or any Holder, from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Placement

Agent, any Holder or any such controlling or affiliated Person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company or any Guarantor shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Placement Agents or any Holder furnished to the Company or any Guarantor in writing by or through Morgan Stanley & Co. Incorporated or any selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company and the Guarantors, severally and jointly, will also indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the 1933 Act and the 1934 Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Registration Statement.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors, the Placement Agents and the other selling Holders, and each of their respective directors, officers who sign the Registration Statement and each Person, if any, who controls the Company, any Guarantor, any Placement Agent and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company and the Guarantors to the Placement Agents and the Holders, but only with reference to information relating to such Holder furnished to the Company or any Guarantor in writing by such Holder expressly for use in any Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such Person (the "indemnified party") shall promptly notify the Person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Placement Agents and all Persons, if any, who control any Placement Agent within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company and the Guarantors, their respective directors, their respective officers who sign the Registration Statement and each Person, if any, who controls the Company or any Guarantor within the meaning of either such Section and (c) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Holders and all Persons, if any, who control any Holders within the meaning of either such Section, and that all such fees and expenses

shall be reimbursed as they are incurred. In such case involving the Placement Agents and Persons who control the Placement Agents, such firm shall be designated in writing by Morgan Stanley & Co. Incorporated. In such case involving the Holders and such Persons who control Holders, such firm shall be designated in writing by the Majority Holders. In all other cases, such firm shall be designated by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party for such fees and expenses of counsel in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 5 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company, the Guarantors and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective principal amount of Registrable Securities of such Holder that were registered pursuant to a Registration Statement.

(e) The Company, each Guarantor and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which Registrable Securities were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Placement Agents, any Holder or any Person controlling any Placement Agent or any Holder, or by or on behalf of the Company or any Guarantor, or their respective officers or directors, or any Person controlling the Company or any Guarantor, (iii) acceptance of any of the Exchange Securities and (iv) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

10. Miscellaneous.

(a) No Inconsistent Agreements. The Company and the Guarantors have not entered into, and on or after the date of this Agreement will not enter into, any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's or any Guarantor's other issued and outstanding securities under any such agreements.

(b) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; provided, however, that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Placement Agents, the address set forth in the Placement Agreement; and (ii) if to the Company or any Guarantor, initially at the Company's or the Guarantor's respective address set forth in the Placement Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

(d) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Placement Agreement. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound

by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Placement Agents (in their capacity as Placement Agents) shall have no liability or obligation to the Company and the Guarantors with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(e) Purchases and Sales of Securities. The Company and the Guarantors shall not, and shall use their best efforts to cause their affiliates (as defined in Rule 405 under the 1933 Act) not to, purchase and then resell or otherwise transfer any Securities.

(f) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Placement Agents, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. This Agreement shall be governed by the laws of the State of New York.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMSTOCK RESOURCES, INC.

By /s/ M. JAY ALLISON
Name: M. Jay Allison

Title: Chairman of the Board

COMSTOCK OIL & GAS, INC.

By /s/ M. JAY ALLISON
Name: M. Jay Allison

Title: Chairman of the Board, President and
Chief Executive Officer

COMSTOCK OIL & GAS - LOUISIANA, INC.

By /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President and
Chief Executive Officer

COMSTOCK OFFSHORE LLC

By /s/ M. JAY ALLISON

Name: M. Jay Allison
Title: Chairman of the Board, President and
Chief Executive Officer

Confirmed and accepted as of the date first above written:

MORGAN STANLEY & CO. INCORPORATED
BANC ONE CAPITAL MARKETS, INC.
TD SECURITIES (USA) INC.
PARIBAS CORPORATION

By: MORGAN STANLEY & CO. INCORPORATED

By /s/ DANIEL H. KLAUSNER

Name: Daniel H. Klausner
Title: Vice President

COMSTOCK RESOURCES, INC.,

SUBSIDIARY GUARANTORS

NAMED HEREIN

and

U.S. TRUST COMPANY OF TEXAS, N.A.

Trustee

INDENTURE

Dated as of April 29, 1999

\$150,000,000

11 1/4% Senior Notes due 2007

E-144

THIS INDENTURE, dated as of April 29, 1999, is between COMSTOCK RESOURCES, INC., a Nevada corporation (hereinafter called the "Company"), the SUBSIDIARY GUARANTORS (as defined hereinafter) and U.S. TRUST COMPANY OF TEXAS, N.A., as Trustee (hereinafter called the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Company's 11 1/4% Senior Notes due 2007, to be issued, from time to time, in one or more series as in this Indenture provided (the "Initial Securities") and, if and when issued pursuant to a registered or private exchange for the Initial Securities, the Company's 11 1/4% Senior Notes due 2007 (the "Exchange Securities" and, together with the Initial Securities, the "Securities"):

ARTICLE I.

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

"Acquired Indebtedness" means Indebtedness of a Person (a) existing at the time such Person becomes a Restricted Subsidiary or (b) assumed in connection with acquisitions of Properties from such Person (other than any Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition). Acquired Indebtedness shall be deemed to be incurred on the date the acquired Person becomes a Restricted Subsidiary or the date of the related acquisition of Properties from such Person.

"Act," when used with respect to any Holder, has the meaning specified in Section 13.3.

"Additional Assets" means (i) any Property (other than cash, Cash Equivalents or securities) used in the Oil and Gas Business or any business ancillary thereto, (ii) Investments in any other Person engaged in the Oil and Gas Business or any business ancillary thereto (including the acquisition from third parties of Capital Stock of such Person) as a result of which such other Person becomes a Restricted Subsidiary, (iii) the acquisition from third parties of Capital Stock of a Restricted Subsidiary or (iv) Investments pursuant to clause (v) of the definition of "Permitted Investments."

"Adjusted Consolidated Net Tangible Assets" means (without duplication), as

of the date of determination, the remainder of:

(i) the sum of (A) discounted future net revenues from proved oil and gas reserves of the Company and its Restricted Subsidiaries calculated in accordance with Commission guidelines before any state, federal or foreign income taxes, as estimated by the Company and confirmed by a nationally recognized firm of independent petroleum engineers in a reserve report prepared as of the end of the Company's most recently completed fiscal year for which audited financial statements are available, as increased by, as of the date of determination, the estimated discounted future net revenues from (1) estimated proved oil and gas reserves acquired since such year-end, which reserves were not reflected in such year-end reserve report, and (2) estimated oil and gas reserves attributable to upward revisions of estimates of proved oil and gas reserves since such year-end due to exploration, development or exploitation activities, in each case calculated in accordance with Commission guidelines (utilizing the prices utilized in such year-end reserve report), and decreased by, as of the date of determination, the estimated discounted future net revenues from (3) estimated proved oil and gas reserves produced or disposed of since such year-end and (4) estimated oil and gas reserves attributable to downward revisions of estimates of proved oil and gas reserves since such year-end due to changes in geological conditions or other factors which would, in accordance with standard industry practice, cause such revisions, in each case calculated in accordance with Commission guidelines (utilizing the prices utilized in such year-end reserve report); provided that, in the case of each of the determinations made pursuant to clauses (1) through (4), such increases and decreases shall be as estimated

by the Company's petroleum engineers, unless there is a Material Change as a result of such acquisitions, dispositions or revisions, in which event the discounted future net revenues utilized for purposes of this clause (i)(A) shall be confirmed in writing by a nationally recognized firm of independent petroleum engineers, (B) the capitalized costs that are attributable to oil and gas properties of the Company and its Restricted Subsidiaries to which no proved oil and gas reserves are attributable, based on the Company's books and records as of a date no earlier than the date of the Company's latest annual or quarterly financial statements, (C) the Net Working Capital on a date no earlier than the date of the Company's latest annual or quarterly financial statements and (D) the greater of (1) the net book value on a date no earlier than the date of the Company's latest annual or quarterly financial statements and (2) the appraised value, as estimated by independent appraisers, of other tangible assets (including, without duplication, Investments in unconsolidated Restricted Subsidiaries) of the Company and its Restricted Subsidiaries, as of the date no earlier than the date of the Company's latest audited financial statements, minus

(ii) the sum of (A) minority interests, (B) any net gas balancing liabilities of the Company and its Restricted Subsidiaries reflected in the Company's latest audited financial statements, (C) to the extent included in (i)(A) above, the discounted future net revenues, calculated in accordance with Commission guidelines (utilizing the prices utilized in the Company's year-end reserve report), attributable to reserves which are required to be delivered to third parties to fully satisfy the obligations of the Company and its Restricted Subsidiaries with respect to Volumetric Production Payments (determined, if applicable, using the schedules specified with respect thereto) and (D) the discounted future net revenues, calculated in accordance with Commission guidelines, attributable to reserves subject to Dollar-Denominated Production Payments which, based on the estimates of production and price assumptions included in determining the discounted future net revenues specified in (i)(A) above, would be necessary to fully satisfy the payment obligations of the Company and its Restricted Subsidiaries with respect to Dollar-Denominated Production Payments (determined, if applicable, using the schedules specified with respect thereto).

"Adjusted Net Assets" of a Subsidiary Guarantor at any date shall mean the amount by which the fair value of the Properties of such Subsidiary Guarantor exceeds the total amount of liabilities, including, without limitation, contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date), but excluding liabilities under its Subsidiary Guarantee, of such Subsidiary Guarantor at such date.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. For purposes of this definition, beneficial ownership of 10% or more of the voting common equity (on a fully diluted basis) or options or warrants to purchase such equity (but only if exercisable at the date of determination or within 60 days thereof) of a Person shall be deemed to constitute control of such Person.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition to any Person other than the Company or any of its Restricted Subsidiaries (including, without limitation, by way of merger or consolidation) (collectively, for purposes of this definition, a "transfer"), directly or indirectly, in one or a series of related transactions, of (a) any Capital Stock of any Restricted Subsidiary held by the Company or any Restricted Subsidiary, (b) all or substantially all of the Properties of any division or line of business of the Company or any of its Restricted Subsidiaries or (c) any other Properties of the Company or any of its Restricted Subsidiaries other than (i) a transfer of cash, Cash Equivalents, hydrocarbons or other mineral products in the ordinary course of business or (ii) any lease, abandonment, disposition, relinquishment or farm-out of any oil and gas Property in the ordinary course of business. For the purposes of this definition, the term "Asset Sale" also shall

not include (i) any transfer of Properties (including Capital Stock) which is governed by, and made in accordance with, the provisions of Article VII hereof; (ii) any transfer of Properties to an Unrestricted Subsidiary, if permitted under Section 9.9 hereof; or (iii) any transfer of Properties (including Capital Stock) having a Fair Market Value of less than \$2,500,000.

"Attributable Indebtedness" means, with respect to any particular lease under which any Person is at the time liable and at any date as of which the amount thereof is to be determined, the present value of the total net amount of rent required to be paid by such Person under the lease during the primary term thereof, without giving effect to any renewals at the option of the lessee, discounted from the respective due dates thereof to such date at the rate of interest per annum implicit in the terms of the lease. As used in the preceding sentence, the net amount of rent under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder excluding any amounts required to be paid by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease which is terminable by the lessee upon payment of a penalty, such net amount of rent shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Average Life" means, with respect to any Indebtedness, as at any date of determination, the quotient obtained by dividing (a) the sum of the products of (i) the number of years (and any portion thereof) from the date of determination to the date or dates of each successive scheduled principal payment (including, without limitation, any sinking fund or mandatory redemption payment requirements) of such Indebtedness multiplied by (ii) the amount of each such principal payment by (b) the sum of all such principal payments.

"Bank Credit Facility" means that certain Credit Agreement dated as of April 29, 1999 among Comstock Resources, Inc., Comstock Oil & Gas, Inc., Comstock Oil & Gas - Louisiana, Inc., Comstock Offshore, LLC, as Borrowers, the lenders party thereto from time to time, The First National Bank of Chicago, as Administrative Agent, Toronto Dominion (Texas), Inc., as Syndication Agent and Paribas, as Documentation Agent, together with all related documents executed or delivered pursuant thereto at any time (including, without limitation, all mortgages, deeds of trust, guarantees, security agreements and all other collateral and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder provided that such increase in borrowings is within the definition of "Permitted Indebtedness" or is otherwise permitted under Section 9.11) or adding Subsidiaries as additional borrowers or guarantors thereunder and all or any portion of the Indebtedness and other Obligations under such agreement or agreements or any successor or replacement agreement or agreements, and whether by the same or any other agent, lender or group of lenders.

"Board of Directors" means, with respect to the Company, either the board of directors of the Company or any duly authorized committee of such board of directors, and, with respect to any Subsidiary, either the board of directors of such Subsidiary or any duly authorized committee of that board or, in the case of a Subsidiary not having a board of directors, the manager or other person performing a function comparable to a board of directors of a corporation.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by its Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee, and with respect to a Subsidiary, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Subsidiary to have been duly adopted by its Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Borrowing Base" means, as of any date, the aggregate amount of borrowing availability as of such date under the Bank Credit Facility that determines availability on the basis of a borrowing base or other asset-based calculation.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the cities of New York, New York or Dallas, Texas are authorized or obligated by law or executive order to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations, rights or other equivalents in the equity interests (however designated) in such Person, and any rights (other than debt securities convertible into an equity interest), warrants or options exercisable for, exchangeable for or convertible into such an equity interest in such Person.

"Capitalized Lease Obligation" means any obligation to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any Property that is required to be classified and accounted for as a capital lease obligation under GAAP, and, for the purpose of this Indenture, the amount of such obligation at any date shall be the capitalized amount thereof at such date, determined in accordance with GAAP.

"Cash Equivalents" means (i) any evidence of Indebtedness with a maturity of 180 days or less issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof); (ii) demand and time deposits and certificates of deposit or acceptances with a maturity of 180 days or less of any financial institution that is a member of the Federal Reserve System having combined capital and surplus and undivided profits of not less than \$500,000,000; (iii) commercial paper with a maturity of 180 days or less issued by a corporation that is not an Affiliate of the Company and is organized under the laws of any state of the United States or the District of Columbia and rated at least A-1 by S&P or at least P-1 by Moody's; (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any commercial bank meeting the specifications of clause (ii) above; (v) overnight bank deposits and bankers' acceptances at any commercial bank meeting the qualifications specified in clause (ii) above; (vi) deposits available for withdrawal on demand with any commercial bank not meeting the qualifications specified in clause (ii) above but which is a lending bank under the Bank Credit Facility, provided all such deposits do not exceed \$5,000,000 in the aggregate at any one time; (vii) demand and time deposits and certificates of deposit with any commercial bank organized in the United States not meeting the qualifications specified in clause (ii) above, provided that such deposits and certificates support bond, letter of credit and other similar types of obligations incurred in the ordinary course of business; and (viii) investments in money market or other mutual funds substantially all of whose assets comprise securities of the types described in clauses (i) through (v) above.

"Change of Control" means the occurrence of any event or series of events by which (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total Voting Stock of the Company; (b) the Company consolidates with or merges into another Person or any Person consolidates with, or merges into, the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is changed into or exchanged for cash, securities or other Property, other than any such transaction where (i) the outstanding Voting Stock of the Company is changed into or exchanged for Voting Stock of the surviving or resulting Person that is Qualified Capital Stock and (ii) the holders of the Voting Stock of the Company immediately prior to such transaction own, directly or indirectly, not less than a majority of the Voting Stock of the surviving or resulting Person immediately after such transaction; (c) the Company, either individually or in conjunction with one or more Restricted Subsidiaries, sells, assigns, conveys, transfers, leases or otherwise disposes

of, or the Restricted Subsidiaries sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the Properties of the Company and the Restricted Subsidiaries, taken as a whole (either in one transaction or a series of related transactions), including Capital Stock of the Restricted Subsidiaries, to any Person (other than the Company or a Wholly Owned Restricted Subsidiary); (d) during any consecutive two-year period, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the stockholders of the Company was approved by a vote of a two-thirds of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or (e) the liquidation or dissolution of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended, as now or hereafter in effect, together with all regulations thereunder issued by the Internal Revenue Service.

"Commission" or "SEC" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" of any Person means Capital Stock of such Person that does not rank prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding-up of such Person, to shares of Capital Stock of any other class of such Person.

"Company" means the Person named as the "Company" in the first paragraph of this Indenture, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman, its President, any Vice President, its Treasurer or an Assistant Treasurer, and delivered to the Trustee.

"Consolidated Exploration Expenses" means, for any period, exploration expenses of the Company and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Fixed Charge Coverage Ratio" means, for any period, the ratio on a pro forma basis of (a) the sum of Consolidated Net Income, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges each to the extent deducted in computing Consolidated Net Income, in each case, for such period, of the Company and its Restricted Subsidiaries on a consolidated basis, all determined in accordance with GAAP, decreased (to the extent included in determining Consolidated Net Income) by the sum of (x) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (y) amounts recorded in accordance with GAAP as repayments of principal and interest pursuant to Dollar-Denominated Production Payments, to (b) the sum of such Consolidated Interest Expense for such period; provided, however, that (i) the Consolidated Fixed Charge Coverage Ratio shall be calculated on a pro forma basis on the assumptions that (A) the Indebtedness to be incurred (and all other Indebtedness incurred after the first day of such period of four full fiscal quarters referred to in Section 9.11(a) hereof through and including the date of determination), and (if applicable) the application of the net proceeds therefrom (and from any other such Indebtedness), including to refinance other Indebtedness, had been incurred on the first day of such four-quarter period and, in the case of Acquired Indebtedness, on the assumption that the related transaction (whether by means of purchase, merger or otherwise) also had occurred on such date with the appropriate adjustments with respect to such

acquisition being included in such pro forma calculation and (B) any acquisition or disposition by the Company or any Restricted Subsidiary of any Properties outside the ordinary course of business, or any repayment of any principal amount of any Indebtedness of the Company or any Restricted Subsidiary prior to the Stated Maturity thereof, in either case since the first day of such period of four full fiscal quarters through and including the date of determination, had been consummated on such first day of such four-quarter period, (ii) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness required to be computed on a pro forma basis in accordance with Section 9.11(a) hereof and (A) bearing a floating interest rate shall be computed as if the rate in effect on the date of computation had been the applicable rate for the entire period and (B) which was not outstanding during the period for which the computation is being made but which bears, at the option of the Company, a fixed or floating rate of interest, shall be computed by applying, at the option of the Company, either the fixed or floating rate, (iii) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility required to be computed on a pro forma basis in accordance with Section 9.11(a) hereof shall be computed based upon the average daily balance of such Indebtedness during the applicable period, provided that such average daily balance shall be reduced by the amount of any repayment of Indebtedness under a revolving credit facility during the applicable period, which repayment permanently reduced the commitments or amounts available to be reborrowed under such facility, (iv) notwithstanding clauses (ii) and (iii) of this proviso, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Rate Protection Obligations, shall be deemed to have accrued at the rate per annum resulting after giving effect to the operation of such agreements, (v) in making such calculation, Consolidated Interest Expense shall exclude interest attributable to Dollar-Denominated Production Payments, and (vi) if after the first day of the period referred to in clause (a) of this definition the Company has permanently retired any Indebtedness out of the Net Cash Proceeds of the issuance and sale of shares of Qualified Capital Stock of the Company within 30 days of such issuance and sale, Consolidated Interest Expense shall be calculated on a pro forma basis as if such Indebtedness had been retired on the first day of such period.

"Consolidated Income Tax Expense" means, for any period, the provision for federal, state, local and foreign income taxes (including state franchise taxes accounted for as income taxes in accordance with GAAP) of the Company and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, for any period, without duplication, the sum of (i) the interest expense of the Company and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP, including, without limitation, (a) any amortization of debt discount, (b) the net cost under Interest Rate Protection Obligations (including any amortization of discounts), (c) the interest portion of any deferred payment obligation constituting Indebtedness, (d) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and (e) all accrued interest, in each case to the extent attributable to such period, (ii) to the extent any Indebtedness of any Person (other than the Company or a Restricted Subsidiary) is guaranteed by the Company or any Restricted Subsidiary, the aggregate amount of interest paid (to the extent not accrued in a prior period) or accrued by such other Person during such period attributable to any such Indebtedness, in each case to the extent attributable to that period, (iii) the aggregate amount of the interest component of Capitalized Lease Obligations paid (to the extent not accrued in a prior period), accrued or scheduled to be paid or accrued by the Company and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP and (iv) the aggregate amount of dividends paid (to the extent such dividends are not accrued in a prior period and excluding dividends paid in Qualified Capital Stock) or accrued on Disqualified Capital Stock of the Company and its Restricted Subsidiaries, to the extent such Disqualified Capital Stock is owned by Persons other than the Company or its Restricted Subsidiaries, less, to the extent included in any of clauses (i) through (iv), amortization of capitalized debt issuance costs of the Company and its Restricted Subsidiaries during such period.

"Consolidated Net Income" means, for any period, the consolidated net income (or loss) of the Company and its Restricted Subsidiaries for such period as determined in accordance with GAAP, adjusted by excluding (a) net after-tax extraordinary gains or losses (less all fees and expenses relating thereto), (b) net after-tax gains or losses (less all fees and expenses relating thereto) attributable to Asset Sales, (c) the net income (or net loss) of any Person (other than the Company or any of its Restricted Subsidiaries), in which the Company or any of its Restricted Subsidiaries has an ownership interest, except to the extent of the amount of dividends or other distributions actually paid to the Company or any of its Restricted Subsidiaries in cash by such other Person during such period (regardless of whether such cash dividends or distributions is attributable to net income (or net loss) of such Person during such period or during any prior period), (d) net income (or net loss) of any Person combined with the Company or any of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (e) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary is not at the date of determination permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (f) dividends paid on Qualifying TECONS, (g) dividends paid in Qualified Capital Stock, (h) income resulting from transfers of assets received by the Company or any Restricted Subsidiary from an Unrestricted Subsidiary, (i) Consolidated Exploration Expenses and any write-downs or impairments of non-current assets and (j) the cumulative effect of a change in accounting principles.

"Consolidated Net Worth" means, at any date, the consolidated stockholders' equity of the Company and its Restricted Subsidiaries less the amount of such stockholders' equity attributable to Disqualified Capital Stock or treasury stock of the Company and its Restricted Subsidiaries, as determined in accordance with GAAP.

"Consolidated Non-cash Charges" means, for any period, the aggregate depreciation, depletion, amortization and exploration expense and other non-cash expenses of the Company and its Restricted Subsidiaries reducing Consolidated Net Income for such period, determined on a consolidated basis in accordance with GAAP (excluding any such non-cash charge for which an accrual of or reserve for cash charges for any future period is required).

"Corporate Trust Office" means the office of the Trustee at which at any particular time the trust created by this Indenture is administered, which office at the date of execution of this Indenture is located at 2001 Ross Avenue, 27th Floor, Dallas, Texas 75201.

"Default" means any event, act or condition that is, or after notice or passage of time or both would become, an Event of Default.

"Disinterested Director" means, with respect to any transaction or series of transactions in respect of which the Board of Directors of the Company is required to deliver a Board Resolution hereunder, a member of the Board of Directors of the Company who does not have any material direct or indirect financial interest (other than an interest arising solely from the beneficial ownership of Capital Stock of the Company) in or with respect to such transaction or series of transactions.

"Disqualified Capital Stock" means any Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is, or upon the happening of an event or passage of time would be, required to be redeemed or repurchased prior to the final Stated Maturity of the Securities or is redeemable at the option of the holder thereof at any time prior to such final Stated Maturity, or is convertible into or exchangeable for debt securities at any time prior to such final Stated Maturity. For purposes of Section 9.11(a) hereof, Disqualified Capital Stock shall be valued at the greater of its voluntary or involuntary maximum fixed redemption or repurchase price plus accrued and unpaid dividends. For such purposes, the "maximum fixed redemption or repurchase price" of any Disqualified

Capital Stock which does not have a fixed redemption or repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were redeemed or repurchased on the date of determination, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined in good faith by the board of directors of the issuer of such Disqualified Capital Stock; provided, however, that if such Disqualified Capital Stock is not at the date of determination permitted or required to be redeemed or repurchased, the "maximum fixed redemption or repurchase price" shall be the book value of such Disqualified Capital Stock.

"Dollar-Denominated Production Payments" means production payment obligations of the Company or any Restricted Subsidiary recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Event of Default" has the meaning specified in Section 4.1 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor act thereto.

"Exchanged Properties" means properties or assets used or useful in the Oil and Gas Business received by the Company or a Restricted Subsidiary in trade or as a portion of the total consideration for other such properties or assets.

"Fair Market Value" means the fair market value of a Property (including shares of Capital Stock) as determined in good faith by the Board of Directors of the Company and evidenced by a Board Resolution, which determination shall be conclusive for purposes of this Indenture; provided, however, that unless otherwise specified herein, the Board of Directors shall be under no obligation to obtain any valuation or assessment from any investment banker, appraiser or other third party.

"Federal Bankruptcy Code" means the United States Bankruptcy Code of Title 11 of the United States Code, as amended from time to time.

"Finance Person" means a Subsidiary of the Company, the Common Stock of which is owned by the Company, that does not engage in any activity other than (i) the holding of Subordinated Indebtedness with respect to which payments of interest on such Subordinated Indebtedness can, at the election of the issuer thereof, be deferred for one or more payment periods, (ii) the issuance of Qualifying TECONS and Common Stock and/or debt securities and (iii) any activity necessary, incidental or related to the foregoing.

"Foreign Subsidiary" means a Restricted Subsidiary that is formed in a jurisdiction other than the United States or a State thereof or the District of Columbia, that engages in the Oil and Gas Business exclusively outside the United States of America and that is treated as a corporation or an association taxable as a corporation for U.S. federal income tax purposes.

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

The term "guarantee" means, as applied to any obligation, (i) a guarantee (other than by endorsement of negotiable instruments or documents for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and (ii) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way

the payment or performance (or payment of damages in the event of non-performance) of all or any part of such obligation, including, without limiting the foregoing, the payment of amounts drawn down under letters of credit. When used as a verb, "guarantee" has a corresponding meaning.

"Holder" means a Person in whose name a Security is registered in a Security Register.

"Indebtedness" means, with respect to any Person, without duplication, (a) all liabilities of such Person, contingent or otherwise, for borrowed money or for the deferred purchase price of Property or services (excluding any trade accounts payable and other accrued current liabilities incurred and reserves established in the ordinary course of business) and all liabilities of such Person incurred in connection with any agreement to purchase, redeem, exchange, convert or otherwise acquire for value any Capital Stock of such Person, or any warrants, rights or options to acquire such Capital Stock outstanding on the date of this Indenture or thereafter, if, and to the extent, any of the foregoing would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, (b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, if, and to the extent, any of the foregoing would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, (c) all obligations of such Person with respect to letters of credit, (d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property), but excluding trade accounts payable and reserves established arising in the ordinary course of business, (e) all Capitalized Lease Obligations of such Person, (f) the Attributable Indebtedness (in excess of any related Capitalized Lease Obligations) related to any Sale/Leaseback Transaction of such Person, (g) all Indebtedness referred to in the preceding clauses of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon Property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligation being deemed to be the lesser of the value of such Property or the amount of the obligation so secured), (h) all guarantees by such Person of Indebtedness referred to in this definition (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment but excluding other contractual obligations of such Person with respect to such Production Payment), and (i) all obligations of such Person under or in respect of currency exchange contracts, oil and natural gas price hedging arrangements and Interest Rate Protection Obligations; provided, however, that Indebtedness shall not include Qualifying TECONS and Indebtedness (including guarantees thereof) relating to Qualifying TECONS and held by a Finance Person. Subject to clause (h) of the first sentence of this definition, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness. In addition, Disqualified Capital Stock shall not be deemed to be Indebtedness.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Insolvency or Liquidation Proceeding" means, with respect to any Person, (a) an insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or similar case or proceeding in connection therewith, relative to such Person or its creditors, as such, or its assets or (b) any liquidation, dissolution or other winding-up proceeding of such Person, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (c) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of such Person.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Interest Rate Protection Obligations" means the obligations of any Person pursuant to any arrangement with any other Person whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements or arrangements designed to protect against or manage such Person's and any of its Subsidiaries' exposure to fluctuations in interest rates.

"Investment" means, with respect to any Person, any direct or indirect advance, loan, guarantee of Indebtedness or other extension of credit or capital contribution to (by means of any transfer of cash or other Property to others or any payment for Property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities (including derivatives) or evidences of Indebtedness issued by, any other Person. In addition, the Fair Market Value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary shall be deemed to be an "Investment" made by the Company in such Unrestricted Subsidiary at such time. "Investments" shall exclude (a) extensions of trade credit or other advances to customers on commercially reasonable terms in accordance with normal trade practices or otherwise in the ordinary course of business, (b) Interest Rate Protection Obligations entered into in the ordinary course of business or as required by any Permitted Indebtedness or any Indebtedness incurred in compliance with Section 9.11 hereof, but only to the extent that the stated aggregate notional amounts of such Interest Rate Protection Obligations do not exceed 105% of the aggregate principal amount of such Indebtedness to which such Interest Rate Protection Obligations relate and (c) endorsements of negotiable instruments and documents in the ordinary course of business.

"Issue Date" means the date on which the Original Securities were first issued under this Indenture.

"Lien" means any mortgage, charge, pledge, lien (statutory or other), security interest, hypothecation, assignment for security, claim or similar type of encumbrance (including, without limitation, any agreement to give or grant any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing) upon or with respect to any Property of any kind. A Person shall be deemed to own subject to a Lien any Property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Liquid Securities" means securities (i) of an issuer that is not an Affiliate of the Company, (ii) that are publicly traded on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market and (iii) as to which the Company is not subject to any restrictions on sale or transfer (including any volume restrictions under Rule 144 under the Securities Act or any other restrictions imposed by the Securities Act) or as to which a registration statement under the Securities Act covering the resale thereof is in effect for as long as the securities are held; provided that securities meeting the requirements of clauses (i), (ii) and (iii) above shall be treated as Liquid Securities from the date of receipt thereof until and only until the earlier of (a) the date on which such securities are sold or exchanged for cash or Cash Equivalents and (y) 150 days following the date of receipt of such securities. If such securities are not sold or exchanged for cash or Cash Equivalents within 120 days of receipt thereof, for purposes of determining whether the transaction pursuant to which the Company or a Restricted Subsidiary received the securities was in compliance with Section 9.16 hereof, such securities shall be deemed not to have been Liquid Securities at any time.

"Material Change" means an increase or decrease (except to the extent resulting from changes in prices) of more than 30% during a fiscal quarter in the estimated discounted future net revenues from proved oil and gas reserves of the Company and its Restricted Subsidiaries, calculated in accordance with clause (i)(A) of the definition of Adjusted Consolidated Net Tangible Assets; provided, however, that the following shall be excluded from the calculation of

Material Change: (i) any acquisitions during the quarter of oil and gas reserves with respect to which the Company's estimate of the discounted future net revenues from proved oil and gas reserves has been confirmed by independent petroleum engineers and (ii) any dispositions of Properties during such quarter that were disposed of in compliance with Section 9.16.

"Maturity" means, with respect to any Security, the date on which any principal of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Sale or Sale/Leaseback Transaction means cash proceeds received therefrom (including (i) any cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, and (ii) the Fair Market Value of Liquid Securities and Cash Equivalents, and excluding (a) any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the Property that is the subject of such Asset Sale or Sale/Leaseback Transaction and (b) except to the extent subsequently converted to cash, Cash Equivalents or Liquid Securities within 240 days after such Asset Sale or Sale/Leaseback Transaction, consideration constituting Exchanged Properties or consideration other than as identified in the immediately preceding clauses (i) and (ii)), in each case net of (a) all legal, title and recording expenses, commissions and other fees and expenses incurred, and all federal, state, foreign and local taxes required to be paid or accrued as a liability under GAAP as a consequence of such Asset Sale or Sale/Leaseback Transaction, (b) all payments made on any Indebtedness (but specifically excluding Indebtedness of the Company and its Restricted Subsidiaries assumed in connection with or in anticipation of such Asset Sale or Sale/Leaseback Transaction) which is secured by any assets subject to such Asset Sale or Sale/Leaseback Transaction, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale or Sale/Leaseback Transaction or by applicable law, be repaid out of the proceeds from such Asset Sale or Sale/Leaseback Transaction, provided that such payments are made in a manner that results in the permanent reduction in the balance of such Indebtedness and, if applicable, a permanent reduction in any outstanding commitment for future incurrences of Indebtedness thereunder, (c) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale or Sale/Leaseback Transaction and (d) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Sale or Sale/Leaseback Transaction and retained by the Company or any Restricted Subsidiary after such Asset Sale or Sale/Leaseback Transaction; provided, however, that if any consideration for an Asset Sale or Sale/Leaseback Transaction (which would otherwise constitute Net Available Cash) is required to be held in escrow pending determination of whether a purchase price adjustment shall be made, such consideration (or any portion thereof) shall become Net Available Cash only at such time as it is released to such Person or its Restricted Subsidiaries from escrow.

"Net Cash Proceeds," with respect to any issuance or sale of Qualified Capital Stock or other securities, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Net Working Capital" means (i) all current assets of the Company and its Restricted Subsidiaries, less (ii) all current liabilities of the Company and its Restricted Subsidiaries, except current liabilities included in Indebtedness, in each case as set forth in consolidated financial statements of the Company prepared in accordance with GAAP.

"Non-Recourse Indebtedness" means Indebtedness or that portion of Indebtedness of the Company or any Restricted Subsidiary incurred in connection with the acquisition by the Company or such Restricted Subsidiary of any Property and as to which (a) the holders of such Indebtedness agree that they will look solely to the Property so acquired and securing such Indebtedness for payment on or in respect of such Indebtedness, and neither the Company nor any Subsidiary (other than an Unrestricted Subsidiary) (i) provides credit support, including any undertaking, agreement or instrument which would constitute Indebtedness or (ii) is directly or indirectly liable for such Indebtedness, and (b) no default with respect to such Indebtedness would permit (after notice or passage of time or both), according to the terms thereof, any holder of any Indebtedness of the Company or a Restricted Subsidiary to declare a default on such Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity.

"Obligations" means all obligations for principal, premium, interest, penalties, fees, indemnifications, payments with respect to any letters of credit, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officers" means, with respect to any Person, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer and the Treasurer of such Person.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Oil and Gas Business" means (i) the acquisition, exploration, development, operation and disposition of interests in oil, gas and other hydrocarbon Properties, (ii) the gathering, marketing, treating, processing, storage, refining, selling and transporting of any production from such interests or Properties, (iii) any business relating to or arising from exploration for or development, production, treatment, processing, storage, refining, transportation or marketing of oil, gas and other minerals and products produced in association therewith and (iv) any activity necessary, appropriate or incidental to the activities described in the foregoing clauses (i) through (iii) of this definition.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company (or any Subsidiary Guarantor), including an employee of the Company (or any Subsidiary Guarantor), and who shall be reasonably acceptable to the Trustee.

"Outstanding," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities, provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 11.2 and 11.3 hereof, with respect to which the Company has effected legal defeasance or covenant defeasance as provided in Article XI hereof; and

(iv) Securities which have been paid pursuant to Section 2.7 hereof or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, consent, notice or waiver hereunder, and for the purpose of making the calculations required by TIA Section 313, Securities owned by the Company, any Subsidiary Guarantor or any other obligor upon the Securities or any Affiliate of the Company, any Subsidiary Guarantor or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, consent, notice or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company, any Subsidiary Guarantor or any other obligor upon the Securities or any Affiliate of the Company, any Subsidiary Guarantor or such other obligor.

"Permitted Indebtedness" means any of the following:

(i) Indebtedness under the Bank Credit Facility in an aggregate principal amount at any one time outstanding not to exceed the Borrowing Base, plus all interest and fees and other Obligations under such facility and any guarantee of any such Indebtedness;

(ii) Indebtedness under the Original Securities;

(iii) Indebtedness outstanding or in effect on the date of this Indenture (and not repaid or defeased with the proceeds of the offering of the Securities);

(iv) obligations pursuant to Interest Rate Protection Obligations, but only to the extent such obligations do not exceed 105% of the aggregate principal amount of the Indebtedness covered by such Interest Rate Protection Obligations; obligations under currency exchange contracts entered into in the ordinary course of business; hedging arrangements entered into in the ordinary course of business for the purpose of protecting production, purchases and resales against fluctuations in oil or natural gas prices; and any guarantee of any of the foregoing;

(v) the Subsidiary Guarantees of the Securities (and any assumption of the obligations guarantees thereby);

(vi) Indebtedness of the Company owing to and held by a Wholly Owned Restricted Subsidiary, and Indebtedness of any Restricted Subsidiary owing to and held by the Company or a Wholly Owned Restricted Subsidiary;

(vii) Permitted Refinancing Indebtedness and any guarantee thereof;

(viii) Non-Recourse Indebtedness;

(ix) in-kind obligations relating to net gas balancing positions arising in the ordinary course of business;

(x) Indebtedness in respect of bid, performance or surety bonds issued for the account of the Company or any Restricted Subsidiary in the ordinary course of business, including guaranties and letters of credit supporting such bid, performance or surety obligations (in each case other than for an obligation for money borrowed); and

(xi) any additional Indebtedness in an aggregate principal amount not in excess of \$25,000,000 at any one time outstanding and any guarantee thereof.

"Permitted Investments" means any of the following: (i) Investments in Cash Equivalents; (ii) Investments in property, plant and equipment used in the ordinary course of business; (iii) Investments in the Company or any of its Restricted Subsidiaries; (iv) Investments by the Company or any of its Restricted Subsidiaries in another Person, if as a result of such Investment (A) such other Person becomes a Restricted Subsidiary or (B) such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its Properties to, the Company or a Restricted Subsidiary; (v) entry into operating agreements, joint ventures, partnership agreements, working interests, royalty interests, mineral leases, processing agreements, farm-out agreements, contracts for the sale, transportation or exchange of oil and natural gas, unitization agreements, pooling arrangements, area of mutual interest agreements or other similar or customary agreements, transactions, Properties, interests or arrangements, and Investments and expenditures in connection therewith or pursuant thereto, in each case made or entered into in the ordinary course of the Oil and Gas Business, excluding, however, Investments in corporations; (vi) entry into any hedging arrangements in the ordinary course of business for the purpose of protecting the Company's or any Restricted Subsidiary's production, purchases and resales against fluctuations in oil or natural gas prices; (vii) entry into any currency exchange contract in the ordinary course of business; or (viii) Investments in stock, obligations or securities received in settlement of debts owing to the Company or any Restricted Subsidiary as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection or enforcement of any Lien in favor of the Company or a Restricted Subsidiary, in each case as to debt owing to the Company or a Restricted Subsidiary that arose in the ordinary course of business of the Company or any such Restricted Subsidiary.

"Permitted Liens" means the following types of Liens:

(a) Liens existing as of the date of this Indenture;

(b) Liens securing the Securities or the Subsidiary Guarantees;

(c) Liens in favor of the Company or any Restricted Subsidiary;

(d) Liens securing Indebtedness of the Company under the Bank Credit Facility that constitutes Permitted Indebtedness pursuant to clause (i) of the definition of "Permitted Indebtedness";

(e) Liens for taxes, assessments and governmental charges or claims either

(f) (i) not delinquent or (ii) contested in good faith by appropriate proceedings and as to which the Company or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(g) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(h) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the payment or performance of tenders, statutory or regulatory obligations, surety and appeal bonds, bids, government contracts and leases, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money but including lessee or operator obligations under statutes, governmental regulations or instruments related to the ownership, exploration and production of oil, gas and minerals on state, federal or foreign lands or waters);

(i) judgment and attachment Liens not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired;

(j) easements, rights-of-way, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(k) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(l) purchase money Liens; provided, however, that (i) the related purchase money Indebtedness shall not be secured by any Property of the Company or any Restricted Subsidiary other than the Property so acquired (including, without limitation, those acquired indirectly through the acquisition of stock or other ownership interests) and the proceeds thereof and (ii) the Lien securing such Indebtedness shall be created within 90 days of such acquisition;

(m) Liens securing obligations under hedging agreements that the Company or any Restricted Subsidiary enters into in the ordinary course of business for the purpose of protecting its production, purchases and resales against fluctuations in oil or natural gas prices;

(n) Liens upon specific items of inventory or other goods of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(o) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other Property relating to such letters of credit and products and proceeds thereof;

(p) Liens encumbering Property under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such Property;

(q) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off;

(r) Liens securing Interest Rate Protection Obligations which Interest Rate Protection Obligations relate to Indebtedness that is secured by Liens otherwise permitted under this Indenture;

(s) Liens on, or related to, Properties to secure all or part of the costs incurred in the ordinary course of business for the exploration, drilling, development or operation thereof;

(t) Liens on pipeline or pipeline facilities which arise by operation of law;

(u) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements which are customary in the Oil and Gas Business;

(v) Liens reserved in oil and gas mineral leases for bonus or rental payments or for compliance with the terms of such leases;

(w) Liens constituting survey exceptions, encumbrances, easements or reservations of, or rights to others for, rights-of-way, zoning or other restrictions as to the use of real properties, and minor defects of title which, in the case of any of the foregoing, were not incurred or created to secure the payment of borrowed money or the deferred purchase price of Property or services, and in the aggregate do not materially adversely affect the value of the Properties of the Company and the Restricted Subsidiaries, taken as a whole, or materially impair the use of such Properties for the purposes of which such Properties are held by the Company or any Restricted Subsidiaries;

(x) Liens securing Non-Recourse Indebtedness; provided, however, that the related Non-Recourse Indebtedness shall not be secured by any Property of the Company or any Restricted Subsidiary other than the Property acquired (including, without limitation, those acquired indirectly through the acquisition of stock or other ownership interests) by the Company or any Restricted Subsidiary with the proceeds of such Non-Recourse Indebtedness;

(y) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company and Liens on Property of a Subsidiary existing at the time it became a Subsidiary, provided that such Liens were in existence prior to the contemplation of the acquisition and do not extend to any Property other than the Acquired Property; and

(z) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of defeasing Indebtedness of the Company or any of its Restricted Subsidiaries.

Notwithstanding anything in clauses (a) through (y) of this definition, the term "Permitted Liens" shall not include any Liens resulting from the creation, incurrence, issuance, assumption or guarantee of any Production Payments other than Production Payments that are created, incurred, issued, assumed or guaranteed in connection with the financing of, and within 30 days after, the acquisition of the Properties that are subject thereto.

"Permitted Refinancing Indebtedness" means Indebtedness of the Company or a Restricted Subsidiary, the net proceeds of which are used to renew, extend, refinance, refund or repurchase (including, without limitation, pursuant to a Change of Control Offer or Prepayment Offer) outstanding Indebtedness of the Company or any Restricted Subsidiary, provided that (a) if the Indebtedness (including the Securities) being renewed, extended, refinanced, refunded or repurchased is pari passu with or subordinated in right of payment to either the Securities or the Subsidiary Guarantees, then such Indebtedness is pari passu with or subordinated in right of payment to the Securities or the Subsidiary Guarantees, as the case may be, at least to the same extent as the Indebtedness being renewed, extended, refinanced, refunded or repurchased, (b) such Indebtedness has a Stated Maturity for its final scheduled principal payment that is no earlier than the Stated Maturity for the final scheduled principal payment of the Indebtedness being renewed, extended, refinanced, refunded or repurchased and (c) such Indebtedness has an Average Life at the time such Indebtedness is incurred that is equal to or greater than the Average Life of the Indebtedness being renewed, extended, refinanced, refunded or repurchased; provided, further, that such Indebtedness is in an aggregate principal amount (or, if such Indebtedness is issued at a price less than the principal amount thereof, the aggregate amount of gross proceeds therefrom is) not in excess of

the aggregate principal amount then outstanding of the Indebtedness being renewed, extended, refinanced, refunded or repurchased (or if the Indebtedness being renewed, extended, refinanced, refunded or repurchased was issued at a price less than the principal amount thereof, then not in excess of the amount of liability in respect thereof determined in accordance with GAAP) plus the amount of any premium required to be paid in connection with such renewal, extension, refinancing, refunding or repurchase pursuant to the terms of the Indebtedness being renewed, extended, refinanced, refunded or repurchased or the amount of any premium reasonably determined by the Company as necessary to accomplish such renewal, extension, refinancing, refunding or repurchase, plus the amount of reasonable fees and expenses incurred by the Company or such Restricted Subsidiary in connection therewith.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of such Person's preferred or preference stock, whether now outstanding or issued after the date of this Indenture, including, without limitation, all classes and series of preferred or preference stock of such Person.

"Production Payments" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, Capital Stock in any other Person.

"Public Equity Offering" means an offer and sale of Common Stock of the Company for cash pursuant to a registration statement that has been declared effective by the Commission pursuant to the Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company).

"Qualified Capital Stock" of any Person means any and all Capital Stock of such Person other than Disqualified Capital Stock and, with respect to the Company, Qualified Capital Stock includes, without limitation, any Qualifying TECONS.

"Qualifying TECONS" means preferred trust securities or similar securities issued by a Finance Person after the date of this Indenture.

"Redemption Date," when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date means the April 15 or October 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Responsible Officer," when used with respect to the Trustee, means any officer in the Corporate Trust Office, and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Investment" means (without duplication) (i) the designation of a Subsidiary as an Unrestricted Subsidiary in the manner described in the definition of "Unrestricted Subsidiary" and (ii) any Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Company, whether existing on or after the date of this Indenture, unless such Subsidiary of the Company is an Unrestricted Subsidiary or is designated as an Unrestricted Subsidiary pursuant to the terms of this Indenture.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"Sale/Leaseback Transaction" means with respect to the Company or any of its Restricted Subsidiaries, any arrangement with any Person providing for the leasing by the Company or any of its Restricted Subsidiaries of any principal property, acquired or placed into service more than 180 days prior to such arrangement, whereby such property has been or is to be sold or transferred by the Company or any of its Restricted Subsidiaries to such Person.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor act thereto.

"Senior Indebtedness" means any Indebtedness of the Company (whether outstanding on the date hereof or hereinafter incurred), unless such Indebtedness is Subordinated Indebtedness.

"Series A Preferred Stock" means the Company's Series A 1999 Convertible Preferred Stock, par value \$10.00 per share.

"Series B Preferred Stock" means the Company's Series B 1999 Non-Convertible Preferred Stock, par value \$10.00 per share.

"Stated Maturity" means, when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in the instrument evidencing or governing such Indebtedness as the fixed date at which the principal of such Indebtedness or such installment of interest is due and payable.

"Subordinated Indebtedness" means Indebtedness of the Company or a Subsidiary Guarantor which is expressly subordinated in right of payment to the Securities or the Subsidiary Guarantees, as the case may be. "Subsidiary" means, with respect to any Person, (i) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation), including, without limitation, a joint venture, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, have at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Persons performing similar functions).

"Subsidiary Guarantee" has the meaning specified in Section 12.1 hereof.

"Subsidiary Guarantor" means (i) Comstock Oil & Gas, Inc., a Nevada corporation, (ii) Comstock Oil & Gas - Louisiana, Inc., a Nevada corporation, (iii) Comstock Offshore, LLC, a Nevada limited liability company, (iv) each of the Company's other Restricted Subsidiaries, if any, executing a supplemental

indenture in compliance with the provisions of Section 9.12(a) hereof and (v) any Person that becomes a successor guarantor of the Securities in compliance with the provisions of Section 12.2 hereof.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended and in force at the date as of which this Indenture was executed, except as provided in Section 8.5 hereof.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors of the Company as provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Company may designate any Subsidiary of the Company as an Unrestricted Subsidiary so long as (a) neither the Company nor any Restricted Subsidiary is directly or indirectly liable pursuant to the terms of any Indebtedness of such Subsidiary; (b) no default with respect to any Indebtedness of such Subsidiary would permit (upon notice, lapse of time or otherwise) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its Stated Maturity; (c) such designation as an Unrestricted Subsidiary would be permitted under Section 9.9 hereof; and (d) such designation shall not result in the creation or imposition of any Lien on any of the Properties of the Company or any Restricted Subsidiary (other than any Permitted Lien or any Lien the creation or imposition of which shall have been in compliance with Section 9.14 hereof); provided, however, that with respect to clause (a), the Company or a Restricted Subsidiary may be liable for Indebtedness of an Unrestricted Subsidiary if (1) such liability constituted a Permitted Investment or a Restricted Payment permitted by Section 9.9 hereof, in each case at the time of incurrence, or (2) the liability would be a Permitted Investment at the time of designation of such Subsidiary as an Unrestricted Subsidiary. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing a Board Resolution with the Trustee giving effect to such designation. The Board of Directors of the Company may designate any Unrestricted Subsidiary as a Restricted Subsidiary if, immediately after giving effect to such designation, on a pro forma basis (i) no Default or Event of Default shall have occurred and be continuing, (ii) the Company could incur \$1.00 of additional Indebtedness (not including the incurrence of Permitted Indebtedness) under Section 9.11(a) hereof and (iii) if any of the Properties of the Company or any of its Restricted Subsidiaries would upon such designation become subject to any Lien (other than a Permitted Lien), the creation or imposition of such Lien shall have been in compliance with Section 9.14 hereof.

"Vice President," when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Volumetric Production Payments" means production payment obligations of the Company or a Restricted Subsidiary recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly Owned Restricted Subsidiary" means any Restricted Subsidiary of the Company to the extent (i) all of the Capital Stock or other ownership interests in such Restricted Subsidiary, other than any directors' qualifying shares mandated by applicable law, is owned directly or indirectly by the Company or (ii) such Restricted Subsidiary does substantially all of its business in one or more foreign jurisdictions and is required by the applicable laws and

regulations of any such foreign jurisdiction to be partially owned by the government of such foreign jurisdiction or individual or corporate citizens of such foreign jurisdiction in order for such Restricted Subsidiary to transact business in such foreign jurisdiction, provided that the Company, directly or indirectly, owns the remaining Capital Stock or ownership interest in such Restricted Subsidiary and, by contract or otherwise, controls the management and business of such Restricted Subsidiary and derives the economic benefits of ownership of such Restricted Subsidiary to substantially the same extent as if such Restricted Subsidiary were a wholly owned subsidiary.

Section 1.2 Other Definitions.

Term	Defined in Section
"Change of Control Notice".....	9.15(c)
"Change of Control Offer".....	9.15(a)
"Change of Control Purchase Date".....	9.15(c)
"Change of Control Purchase Price".....	9.15(a)
"Excess Proceeds".....	9.16(b)
"Funding Guarantor".....	12.5
"Global Security".....	Appendix A
"Offer Amount".....	9.16(c)
"Offer Period".....	9.16(c)
"OID".....	2.1
"Original Securities".....	2.1
"Paying Agent".....	2.4
"Payment Restriction".....	9.18
"Permitted Consideration".....	9.16(a)
"Prepayment Offer".....	9.16(b)
"Prepayment Offer Notice".....	9.16(c)
"Purchase Date".....	9.16(c)
"Registrar".....	2.4
"Representative".....	13.2
"Restricted Payment".....	9.9(a)
"Security Register".....	2.4
"Surviving Entity".....	7.1(a)
"U.S. Government Obligations".....	11.4(a)

Section 1.3 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Securities,

"indenture security holder" means a Holder,

"indenture to be qualified" means this Indenture,

"indenture trustee" or "institutional trustee" means the Trustee, and

"obligor" on the indenture securities means the Company or any other obligor on the Securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule and not otherwise defined herein have the meanings assigned to them therein.

Section 1.4 Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP and all accounting calculations will be determined in accordance with GAAP;

(c) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(d) the masculine gender includes the feminine and the neuter;

(e) a "day" means a calendar day;

(f) the term "merger" includes a statutory share exchange and the term "merged" has a correlative meaning;

(g) provisions apply to successive events and transactions; and

(h) references to agreements and other instruments include subsequent amendments and waivers but only to the extent not prohibited by this Indenture.

ARTICLE II.

THE SECURITIES

Section 2.1 Amount of Securities; Issuable in Series.

The aggregate principal amount of Securities Outstanding at any one time may not exceed \$225,000,000 except as provided in Section 2.7 hereof. All Securities shall be identical in all respects other than issue price and issuance dates. The Securities may be issued in one or more series; provided, however, that any Securities issued with original issue discount ("OID") for Federal income tax purposes shall not be issued as part of the same series as any Securities that are issued with a different amount of OID or are not issued with OID.

Subject to Section 2.3, the Trustee shall authenticate Securities for original issue on the Issue Date in the aggregate principal amount of \$150,000,000 (the "Original Securities"). With respect to any Securities issued after the Issue Date (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 2.7, 2.8, 2.9, 9.15, 9.16 or 10.6 or Appendix A), there shall be established in or pursuant to a resolution of the Board of Directors and, subject to Section 2.3, set forth or determined in the manner provided in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of such Securities:

(1) whether such Securities shall be issued as part of a new or existing series of Securities and the title of such Securities (which shall distinguish the Securities of the series from Securities of any other series);

(2) the aggregate principal amount of such Securities which may be authenticated and delivered under this Indenture, which shall be in an aggregate principal amount not to exceed \$75,000,000 (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the same series pursuant to Section 2.7, 2.8, 2.9, 9.15, 9.16 or 10.6 or Appendix A and except for Securities which, pursuant to Section 2.3, are deemed never to have been authenticated and delivered hereunder);

(3) the issue price and issuance date of such Securities, including the date from which interest on such Securities shall accrue;

(4) if applicable, that such Securities shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective depositories for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Exhibit 1 to Appendix A and any circumstances in addition to or in lieu of those set forth in Section 2.3 of Appendix A in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the depository for such Global Security or a nominee thereof; and

(5) if applicable, that such Securities shall not be issued in the form of Initial Securities subject to Appendix A, but shall be issued in the form of Exchange Securities as set forth in Exhibit A.

If any of the terms of any series are established by action taken pursuant to a resolution of the Board of Directors, a copy of an appropriate record of such action shall be certified by the Secretary or any Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate or the trust indenture supplementary thereto setting forth the terms of the series.

Notwithstanding anything to the contrary in this Section or otherwise in this Indenture, any additional issuance of Securities after the Issue Date, whether such Securities are of the same or a different series than the Original Securities, shall be in a principal amount greater than or equal to \$25,000,000.

Section 2.2 Form and Dating.

Provisions relating to the Initial Securities of each series and the Exchange Securities are set forth in Appendix A, which is hereby incorporated in and expressly made a part of this Indenture. The Initial Securities of each series and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to Appendix A which is hereby incorporated in and expressly made a part of this Indenture. The Exchange Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities of each series may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage, provided that any such notation, legend or endorsement is in a form reasonably acceptable to the Company. Each Security shall be dated the date of its authentication. The terms of the Securities of each series set forth in Exhibit 1 to Appendix A and Exhibit A are part of the terms of this Indenture.

Section 2.3 Execution and Authentication.

Two Officers of the Company shall sign the Securities for the Company by manual or facsimile signature. The Company's seal may be impressed, affixed, imprinted or reproduced on the Securities and may be in facsimile form.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a written order of the Company signed by two Officers of the Company for the authentication and delivery of such Securities, and the Trustee in accordance with such written order of the Company shall authenticate and deliver such Securities.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

Section 2.4 Registrar and Paying Agent.

The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register (the "Security Register") of the Securities and of their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 5.6. The Company may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Securities.

Section 2.5 Paying Agent To Hold Money in Trust.

Not later than 10:00 a.m., Eastern standard time, on each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any

funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

Section 2.6 Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

Section 2.7 Replacement Securities.

If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that such Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any co-registrar from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

Section 2.8 Outstanding Securities.

Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.7, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Securityholders on that date pursuant to the terms of this Indenture, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

Section 2.9 Temporary Securities.

Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

Section 2.10 Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and destroy (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation and shall, upon written request, deliver a certificate of such destruction to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

Section 2.11 Defaulted Interest.

If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the persons who are Securityholders on a subsequent special record date, in each case at the rate provided in the Securities and in Section 9.1 hereof. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Securityholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

Section 2.12 CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE III.

SATISFACTION AND DISCHARGE

Section 3.1 Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities, as expressly provided for in this Indenture) as to all Outstanding Securities, and the Trustee, at the expense of the Company, shall, upon payment of all amounts due the Trustee under Section 5.6 hereof, execute proper instruments acknowledging satisfaction and discharge of this Indenture when

(a) either

(1) all Securities theretofore authenticated and delivered (other than (i) Securities which have been replaced as provided in Section 2.7 hereof and (ii) Securities for whose payment money or United States governmental obligations of the type described in clause (i) of the definition of Cash Equivalents have theretofore been deposited in trust with the Trustee or any Paying Agent or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 9.3 hereof) have been delivered to the Trustee for cancellation, or

(2) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of clause (2)(i), (2)(ii) or (2)(iii) above, has irrevocably deposited or caused to be deposited with the Trustee funds in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be, together with instructions from the Company irrevocably directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(b) the Company has paid or caused to be paid all other sums then due and payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, which, taken together, state that all conditions precedent herein relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 5.6 hereof and, if money shall have been deposited with the Trustee pursuant to this Section, the obligations of the Trustee under Section 3.2 hereof and the last paragraph of Section 9.3 hereof shall survive.

Section 3.2 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 9.3 hereof, all money deposited with the Trustee pursuant to Section 3.1 hereof shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

ARTICLE IV.

DEFAULTS AND REMEDIES

Section 4.1 Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of or premium, if any, on any of the Securities when the same becomes due and payable, whether such payment is due at Stated Maturity, upon redemption, upon repurchase pursuant to a Change of Control Offer or a Prepayment Offer, upon acceleration or otherwise; or

(b) default in the payment of any installment of interest on any of the Securities, when it becomes due and payable, and the continuance of such default for a period of 30 days; or

(c) default in the performance or breach of the provisions of Article VII hereof, the failure to make or consummate a Change of Control Offer in accordance with the provisions of Section 9.15 or the failure to make or consummate a Prepayment Offer in accordance with the provisions of Section 9.16; or

(d) the Company or any Subsidiary Guarantor shall fail to perform or observe any other term, covenant or agreement contained in the Securities, any Subsidiary Guarantee or this Indenture (other than a default specified in subparagraph (a), (b) or (c) above) for a period of 60 days after written notice of such failure stating that it is a "notice of default" hereunder and requiring the Company or such Subsidiary Guarantor, as the case may be, to remedy the same shall have been given (x) to the Company by the Trustee or (y) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Securities then Outstanding; or

(e) the occurrence and continuation beyond any applicable grace period of any default in the payment of the principal of (or premium, if any, on) or interest on any Indebtedness of the Company (other than the Securities) or any Subsidiary Guarantor or any other Restricted Subsidiary for money borrowed when due, or any other default resulting in acceleration of any Indebtedness of the Company or any Subsidiary Guarantor or any other Restricted Subsidiary for money borrowed, provided that the aggregate principal amount of such Indebtedness shall exceed \$10,000,000; or

(f) any Subsidiary Guarantee shall for any reason cease to be, or be asserted by the Company or any Subsidiary Guarantor, as applicable, not to be, in full force and effect (except pursuant to the release of any such Subsidiary Guarantee in accordance with this Indenture); or

(g) final judgments or orders rendered against the Company or any Subsidiary Guarantor or any other Restricted Subsidiary that are unsatisfied and that require the payment in money, either individually or in an aggregate amount, that is more than \$10,000,000 over the coverage under applicable insurance policies and either (A) commencement by any creditor of an enforcement proceeding upon such judgment (other than a judgment that is stayed by reason of pending appeal or otherwise) or (B) the occurrence of a 60-day period during which a stay of such judgment or order, by reason of pending appeal or otherwise, was not in effect; or

(h) the entry of a decree or order by a court having jurisdiction in the premises (A) for relief in respect of the Company or any Subsidiary Guarantor or any other Restricted Subsidiary in an involuntary case or proceeding under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (B) adjudging the Company or any Subsidiary Guarantor or any other Restricted Subsidiary bankrupt or insolvent, or approving a petition seeking reorganization, arrangement, adjustment or composition of the Company or any Subsidiary Guarantor or any other Restricted Subsidiary under the Federal Bankruptcy Code or any applicable federal or state law, or appointing under any such law a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Subsidiary Guarantor or any other Restricted Subsidiary or of a substantial part of its consolidated assets, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(i) the commencement by the Company or any Subsidiary Guarantor or any other Restricted Subsidiary of a voluntary case or proceeding under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law or any other case or proceeding to be adjudicated bankrupt or insolvent, or the consent by the Company or any Subsidiary Guarantor or any other Restricted Subsidiary to the entry of a decree or order for relief in respect thereof in an involuntary case or proceeding under the Federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by the Company or any Subsidiary Guarantor or any other Restricted

Subsidiary of a petition or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it under any such law to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or any Subsidiary Guarantor or any other Restricted Subsidiary or of any substantial part of its consolidated assets, or the making by it of an assignment for the benefit of creditors under any such law, or the admission by it in writing of its inability to pay its debts generally as they become due or taking of corporate action by the Company or any Subsidiary Guarantor or any other Restricted Subsidiary in furtherance of any such action.

Section 4.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 4.1(h) or (i) hereof) occurs and is continuing, the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities then Outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee upon the request of the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities shall, by a notice in writing to the Company, declare all unpaid principal of, premium, if any, and accrued and unpaid interest on all the Securities to be due and payable immediately, upon which declaration all amounts payable in respect of the Securities shall be immediately due and payable. If an Event of Default specified in Section 4.1(h) or (i) hereof occurs and is continuing, the amounts described above shall become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee or any Holder.

Promptly after the occurrence of a declaration of acceleration, the Company shall notify each holder of Senior Indebtedness thereof, but failure to give any such notice shall not affect such declaration or its consequences.

At any time after a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Securities Outstanding, by written notice to the Company, the Subsidiary Guarantors and the Trustee, may rescind and annul such declaration and its consequences if

(a) the Company or any Subsidiary Guarantor has paid or deposited with the Trustee a sum sufficient to pay,

(1) all overdue interest on all Outstanding Securities,

(2) all unpaid principal of (and premium, if any, on) any Outstanding Securities which have become due otherwise than by such declaration of acceleration, including any Securities required to have been purchased on a Change of Control Date or a Purchase Date pursuant to a Change of Control Offer or a Prepayment Offer, as applicable, and interest on such unpaid principal at the rate borne by the Securities,

(3) to the extent that payment of such interest is lawful, interest on overdue interest and overdue principal at the rate borne by the Securities (without duplication of any amount paid or deposited pursuant to clauses (1) and (2) above), and

(4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction as certified to the Trustee by the Company; and

(c) all Events of Default, other than the non-payment of amounts of principal of (or premium, if any, on) or interest on Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 4.13 hereof.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Notwithstanding the foregoing, if an Event of Default specified in Section 4.1(e) hereof shall have occurred and be continuing, such Event of Default and any consequential acceleration shall be automatically rescinded if the Indebtedness that is the subject of such Event of Default has been repaid, or if the default relating to such Indebtedness is waived or cured and if such Indebtedness has been accelerated, then the holders thereof have rescinded their declaration of acceleration in respect of such Indebtedness (provided, in each case, that such repayment, waiver, cure or rescission is effected within a period of 10 days from the continuation of such default beyond the applicable grace period or the occurrence of such acceleration), and written notice of such repayment, or cure or waiver and rescission, as the case may be, shall have been given to the Trustee by the Company and countersigned by the holders of such Indebtedness or a trustee, fiduciary or agent for such holders or other evidence satisfactory to the Trustee of such events is provided to the Trustee, within 30 days after any such acceleration in respect of the Securities, and so long as such rescission of any such acceleration of the Securities does not conflict with any judgment or decree as certified to the Trustee by the Company.

Section 4.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(a) default is made in the payment of any installment of interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof or with respect to any Security required to have been purchased by the Company on the Change of Control Purchase Date or the Purchase Date pursuant to a Change of Control Offer or Prepayment Offer, as applicable, then the Company will, upon demand of the Trustee, pay to the Trustee for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, and interest on any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installment of interest, at the rate borne by the Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Securities and collect the money adjudged or decreed to be payable in the manner provided by law out of the Property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 4.4 Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company, any Subsidiary Guarantor or any other obligor upon the Securities, their creditors or the Property of the Company, any Subsidiary Guarantor or of such other obligor, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company, the Subsidiary Guarantors or such other obligor for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents and take any other actions including participation as a full member of any creditor or other committee as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any money or other Property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 5.6 hereof.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the Subsidiary Guarantees or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 4.5 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities or the Subsidiary Guarantees may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 4.6 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: to the payment of all amounts due the Trustee under Section 5.6 hereof;

SECOND: to the payment of the amounts then due and unpaid for principal of (and premium, if any, on) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: the balance, if any, to the Company, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Section 4.7 Limitation on Suits.

No Holder of any Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority or more in aggregate principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

Section 4.8 Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment, as provided herein (including, if applicable, Article XI hereof) and in such Security of the principal of (and premium if any, on) and (subject to Section 2.11 hereof) interest on, such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 4.9 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Subsidiary Guarantors, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereunder and all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 4.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.7 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 4.12 Control by Holders.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that

(a) such direction shall not be in conflict with any rule of law or with this Indenture,

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(c) the Trustee need not take any action which might involve it in personal liability or expense for which the Trustee has not received a satisfactory indemnity therefor or be unduly prejudicial to the Holders not joining therein.

Section 4.13 Waiver of Past Defaults.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any existing Default or Event of Default hereunder and its consequences, except a Default or Event of Default

(a) in respect of the payment of the principal of (or premium, if any, on) or interest on any Security, or

(b) in respect of a covenant or provision hereof which under Article VIII hereof cannot be modified or amended without the consent of the Holder of each Outstanding Security affected thereby.

Upon any such waiver, such Default or Event of Default shall cease to exist for every purpose under this Indenture, but no such waiver shall extend to any subsequent or other fault or Event of Default or impair any right consequent thereon.

Section 4.14 Waiver of Stay, Extension or Usury Laws.

Each of the Company and the Subsidiary Guarantors covenants (to the extent that each may lawfully do so) that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension, or usury law or other law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company or any Subsidiary Guarantor from paying all or any portion of the principal of (premium, if any, on) or interest on the Securities as contemplated herein, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) each of the Company and the Subsidiary Guarantors hereby expressly waives all benefit or advantage of any such law, and covenant that they will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE V.

THE TRUSTEE

Section 5.1 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, and shall be fully protected in so relying, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, that, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture, but the Trustee has no obligation to determine the accuracy or completeness (other than as to conformity with the requirements of this Indenture) of the statements made therein.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:

(i) this paragraph shall not limit the effect of Section 5.1(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.12.

Section 5.2 Certain Rights of Trustee.

Subject to the provisions of Section 5.1 hereof:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper (whether in its original or facsimile form), or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may reasonably see fit;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it in good faith to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; and

(i) the Trustee shall not be deemed to have notice or knowledge of any matter unless a Responsible Officer has actual knowledge thereof or unless

written notice thereof is received by the Trustee at its Corporate Trust Office and such notice references the Securities generally, the Company or this Indenture.

The Trustee shall not be required to advance, expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 5.3 Trustee Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except for the Trustee's certificates of authentication, shall be taken as the statements of the Company or the Subsidiary Guarantors, as the case may be, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture, the Subsidiary Guarantees or the Securities. The Trustee shall not be accountable for the use or application by the Company of any Securities or the proceeds thereof.

Section 5.4 May Hold Securities.

The Trustee, any Paying Agent, any Registrar or any other agent of the Company, the Subsidiary Guarantors or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to TIA Sections 310(b) and 311 in the case of the Trustee, may otherwise deal with the Company and the Subsidiary Guarantors with the same rights it would have if it were not the Trustee, Paying Agent, Registrar or such other agent.

Section 5.5 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company or any Subsidiary Guarantor.

Section 5.6 Compensation and Reimbursement.

The Company agrees:

(a) to pay to the Trustee from time to time such compensation as the Company and the Trustee may agree in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's wilful misconduct, negligence or bad faith; and

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability, claim damage or expense incurred without wilful misconduct or negligence on its part, (i) arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or (ii) in connection with enforcing this indemnification provision.

The obligations of the Company under this Section 5.6 to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and

advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture or any other termination under any Insolvency or Liquidation Proceeding. As security for the performance of such obligations of the Company, the Trustee shall have a claim and lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for payment of principal of (and premium, if any, on) or interest on particular Securities. Such lien shall survive the satisfaction and discharge of this Indenture or any other termination under any Insolvency or Liquidation Proceeding.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default specified in paragraph (h) or (i) of Section 4.1 of this Indenture, such expenses and the compensation for such services are intended to constitute expenses of administration under any Insolvency or Liquidation Proceeding.

Section 5.7 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least \$50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 5.7, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 5.8 Conflicting Interests.

The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act; provided, however, that there shall be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met.

Section 5.9 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 5.10 hereof.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 5.10 hereof shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 5.7 hereof and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company, by a Board Resolution, may remove the Trustee, or (ii) subject to TIA Section 315(e), any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, the retiring Trustee or any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee. The evidence of such successorship may, but need not be, evidenced by a supplemental indenture.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of Securities in the manner provided for in Section 13.5 hereof. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) Notwithstanding the replacement of the Trustee pursuant to this Section 5.9, the Company's obligations under Section 5.6 shall continue for the benefit of the retiring Trustee.

Section 5.10 Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of all amounts due it under Section 5.6 hereof, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all money and other Property held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 5.11 Merger, Conversion, Consolidation or Succession to Business.

Any corporation or banking association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or banking association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or banking association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or banking association shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities; and in case at that time any of the Securities shall not have been authenticated, any successor Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 5.12 Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor under the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

Section 5.13 Notice of Defaults.

Within 90 days after the occurrence of any Default hereunder, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any, on) or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders. The Trustee shall not be deemed to have notice of any Default, other than a Default under 4.1(a) or (b), unless the Trustee shall have been advised in writing that a Default has occurred. No duty imposed upon the Trustee in this Indenture shall be applicable with respect to any Default of which the Trustee is not deemed to have notice.

ARTICLE VI.

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 6.1 Holders' Lists; Holder Communications; Disclosures Respecting Holders.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders. Neither the Company, any Subsidiary Guarantor nor the Trustee shall be under any responsibility with regard to the accuracy of such list. If the Trustee is not the Registrar, the Company shall furnish to the Trustee semi-annually before each Regular Record Date, and at such other times as the Trustee may reasonably request in writing, a list, in such form as the Trustee may reasonably request, as of such date of the names and addresses of the Holders then known to the Company. The Company and the Trustee shall also satisfy any other requirements imposed upon each of them by TIA Section 312(a).

Holders may communicate pursuant to Section 312(b) of the TIA with other Holders with respect to their rights under this Indenture or the Securities. Every Holder of Securities, by receiving and holding the same, agrees with the Company, the Subsidiary Guarantors, the Registrar and the Trustee that none of the Company, the Subsidiary Guarantors, the Registrar or the Trustee, or any agent of any of them, shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with TIA Section 312, regardless of the source from which such information was derived, that each of such Persons shall have the protection of TIA Section 312(c) and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

Section 6.2 Reports By Trustee.

Within 60 days after May 15 of each year commencing with May 15, 2000, the Trustee shall transmit by mail to the Holders, as their names and addresses appear in the Security Register, a brief report dated as of such May 15 in accordance with and to the extent required under TIA Section 313(a). The Trustee shall also comply with TIA Sections 313(b) and 313(c).

The Company shall promptly notify the Trustee in writing if the Securities become listed on any stock exchange or automatic quotation system.

A copy of each Trustee's report, at the time of its mailing to Holders of Securities, shall be mailed to the Company and filed with the Commission and each stock exchange, if any, on which the Securities are listed.

Section 6.3 Reports by Company.

The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then the Company shall file with the Trustee such information, documents or reports as required pursuant to Section 9.8 hereof;

(b) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(c) transmit by mail to all Holders, in the manner and to the extent provided in TIA Section 313(c), such summaries of any information, documents and reports (without exhibits except to the extent required by TIA Section 313(c)) required to be filed by the Company pursuant to paragraph (a) or (b) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE VII.

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 7.1 Company May Consolidate, etc., Only on Certain Terms.

The Company shall not, in any single transaction or a series of related transactions, merge or consolidate with or into any other Person, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all the Properties of the Company and its Restricted Subsidiaries on a consolidated basis to any Person or group of Affiliated Persons, and the Company shall not permit any of its Restricted Subsidiaries to enter into any such transaction or series of related transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the Properties of the Company and its Restricted Subsidiaries on a consolidated basis to any other Person or group of Affiliated Persons, unless at the time and after giving effect thereto:

(a) either (i) if the transaction is a merger or consolidation, the Company shall be the surviving Person of such merger or consolidation, or (ii) the Person (if other than the Company) formed by such consolidation or into which the Company is merged or to which the Properties of the Company or its Restricted Subsidiaries, as the case may be, are sold, assigned, conveyed, transferred, leased or otherwise disposed of (any such surviving Person or transferee Person being called the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall, in either case, expressly assume by a supplemental indenture to this Indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Securities and this Indenture, and, in each case, this Indenture shall remain in full force and effect;

(b) immediately before and immediately after giving effect to such transaction or series of related transactions on a pro forma basis (and treating any Indebtedness not previously an obligation of the Company or any of its Restricted Subsidiaries which becomes the obligation of the Company or any of its Restricted Subsidiaries in connection with or as a result of such transaction or transactions as having been incurred at the time of such transaction or transactions), no Default or Event of Default shall have occurred and be continuing;

(c) except in the case of the consolidation or merger of any Restricted Subsidiary with or into the Company, immediately after giving effect to such transaction or transactions on a pro forma basis, the Consolidated Net Worth of the Company (or the Surviving Entity if the Company is not the continuing obligor under this Indenture) is at least equal to the Consolidated Net Worth of the Company immediately before such transaction or transactions;

(d) except in the case of the consolidation or merger of the Company with or into a Restricted Subsidiary or any Restricted Subsidiary with or into the Company or another Restricted Subsidiary, immediately before and immediately after giving effect to such transaction or transactions on a pro forma basis (assuming that the transaction or transactions occurred on the first day of the period of four full fiscal quarters ending immediately prior to the consummation of such transaction or transactions, with the appropriate adjustments with respect to the transaction or transactions being included in such pro forma calculation), the Company (or the Surviving Entity if the Company is not the continuing obligor under this Indenture) could incur \$1.00 of additional Indebtedness (excluding Permitted Indebtedness) under Section 9.11(a) hereof;

(e) if the Company is not the continuing obligor under this Indenture, then each Subsidiary Guarantor, unless it is the Surviving Entity, shall have by supplemental indenture confirmed that its Subsidiary Guarantee of the Securities shall apply to the Surviving Entity's obligations under this Indenture and the Securities:

(f) if any of the Properties of the Company or any of its Restricted Subsidiaries would upon such transaction or series of related transactions become subject to any Lien (other than a Permitted Lien), the creation or imposition of such Lien shall have been in compliance with Section 9.14 hereof;

(g) the Company (or the Surviving Entity if the Company is not the continuing obligor under this Indenture) shall have delivered to the Trustee, in form and substance reasonably satisfactory to the Trustee, (i) an Officers' Certificate stating that such consolidation, merger, conveyance, transfer, lease or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, comply with this Indenture and (ii) an Opinion of Counsel stating that the requirements of Section 7.1(a) have been satisfied.

Section 7.2 Successor Substituted.

Upon any consolidation of the Company with or merger of the Company into any other corporation or any sale, assignment, lease, conveyance, transfer or other disposition of all or substantially all of the Properties of the Company and its Restricted Subsidiaries on a consolidated basis in accordance with Section 7.1 hereof, the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such Surviving Entity had been named as the Company herein, and in the event of any such sale, assignment, lease, conveyance, transfer or other disposition, the Company (which term shall for this purpose mean the Person named as the "Company" in the first paragraph of this Indenture or any successor Person which shall theretofore become such in the manner described in Section 7.1 hereof), except in the case of a lease, shall be discharged of all obligations and covenants under this Indenture and the Securities, and the Company may be dissolved and liquidated and such dissolution and liquidation shall not cause a Change of Control under clause (e) of the definition thereof to occur unless the sale, assignment, lease, conveyance, transfer or other disposition of all or substantially all of the Properties of the Company and its Restricted Subsidiaries on a consolidated basis to any Person otherwise results in a Change of Control.

ARTICLE VIII.

SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, each of the Subsidiary Guarantors, when authorized by a Board Resolution, and the Trustee upon Company Request, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company contained herein and in the Securities; or

(b) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power herein conferred upon the Company; or

(c) to comply with any requirement of the SEC in connection with qualifying this Indenture under the TIA or maintaining such qualification thereafter; or

(d) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee pursuant to the requirements of Sections 5.9 and 5.10 hereof; or

(e) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action shall not adversely affect the interests of the Holders in any material respect; or

(f) to secure the Securities or the Subsidiary Guarantees pursuant to the requirements of Section 9.14 hereof or otherwise; or

(g) to add any Restricted Subsidiary as an additional Subsidiary Guarantor as provided in Section 9.12(a) hereof or to evidence the succession of another Person to any Subsidiary Guarantor pursuant to Section 12.2(b) hereof and the assumption by any such successor of the covenants and agreements of such Subsidiary Guarantor contained herein, in the Securities and in the Subsidiary Guarantee of such Subsidiary Guarantor; or

(h) to release a Subsidiary Guarantor from its Subsidiary Guarantee pursuant to Section 12.3 hereof; or

(i) to provide for uncertificated Securities in addition to or in place of certificated Securities.

Section 8.2 Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, each of the Subsidiary Guarantors, when authorized by a Board Resolution, and the Trustee upon Company Request may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium thereon, or change the coin or currency in which principal of any Security or any premium or the interest on any Security is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); or

(b) reduce the percentage of aggregate principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder or the consequences of a default provided for in this Indenture; or

(c) modify any of the provisions of this Section or Sections 4.13 and 9.20 hereof, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; or

(d) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control, or to make and consummate a Prepayment Offer with respect to any Asset Sale, or modify any of the provisions or definitions with respect thereto.

It shall not be necessary for any Act of the Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.3 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of

the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.4 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 8.5 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 8.6 Reference in Securities to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company, and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

Section 8.7 Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 8.2 hereof, the Company shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 13.5 hereof, setting forth in general terms the substance of such supplemental indenture.

ARTICLE IX.

COVENANTS

Section 9.1 Payment of Principal, Premium, if any, and Interest.

The Company covenants and agrees for the benefit of the Holders that it will duly and punctually pay the principal of (and premium, if any, on) and interest on the Securities in accordance with the terms of the Securities and this Indenture.

Section 9.2 Maintenance of Office or Agency.

The Company shall maintain an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities, the Subsidiary Guarantees and this Indenture may be served. The New York office of the Trustee shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such

required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the aforementioned office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation. Further, if at any time there shall be no such office or agency in The City of New York where the Securities may be presented or surrendered for payment, the Company shall forthwith designate and maintain such an office or agency in The City of New York, in order that the Securities shall at all times be payable in The City of New York. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

Section 9.3 Money for Security Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it shall, on or before 10:00 a.m., Eastern time, on each due date of the principal of (and premium, if any, on) or interest on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sum shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for the Securities, it will on or before 10:00 a.m., Eastern time, on each due date of the principal of (and premium, if any, on), or interest on, any Securities, deposit with a Paying Agent immediately available funds in a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such funds to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of such action or any failure so to act.

The Company shall cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of the principal of (and premium, if any, on) or interest on Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any default by the Company (or any other obligor upon the Securities) in the making of any payment of principal (and premium, if any) or interest; and

(c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums. The Trustee and each Paying Agent shall promptly pay to the Company, upon Company Request, any money held by them (other than pursuant to Article XI) at any time in excess of amounts required to pay principal, premium, if any, or interest on the Securities.

Subject to applicable escheat and abandoned property laws, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any, on) or interest on any Security and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

Section 9.4 Corporate Existence.

Except as expressly permitted by Article VII hereof, Section 9.16 hereof or other provisions of this Indenture, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence, rights (charter and statutory) and franchises of the Company and each Restricted Subsidiary; provided, however, that the Company shall not be required to preserve any such existence of its Restricted Subsidiaries, rights or franchises, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not disadvantageous in any material respect to the Holders.

Section 9.5 Payment of Taxes; Maintenance of Properties; Insurance.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Restricted Subsidiary or upon the income, profits or Property of the Company or any Restricted Subsidiary and (b) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a Lien upon the Property of the Company or any Restricted Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which appropriate provision has been made in accordance with GAAP.

The Company shall cause all material Properties owned by the Company or any Restricted Subsidiary and used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted), all as in the judgment of the Company or such Restricted Subsidiary may be necessary so that its business may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company or any Restricted Subsidiary from discontinuing the maintenance of any of such Properties if such discontinuance is, in the judgment of the Company or such Restricted Subsidiary, as the case may be, desirable in the conduct of the business of the Company or such Restricted Subsidiary and not disadvantageous in any material respect to the Holders. Notwithstanding the foregoing, nothing contained in this Section 9.5 shall limit or impair in any way the right of the Company and its Restricted Subsidiaries to sell, divest and otherwise to engage in transactions that are otherwise permitted by this Indenture.

The Company shall at all times keep all of its, and cause its Restricted Subsidiaries to keep their, Properties which are of an insurable nature insured with insurers, believed by the Company to be responsible, against loss or damage to the extent that property of similar character and in a similar location is usually so insured by corporations similarly situated and owning like Properties.

The Company or any Restricted Subsidiary may adopt such other plan or method of protection, in lieu of or supplemental to insurance with insurers, whether by the establishment of an insurance fund or reserve to be held and applied to make good losses from casualties, or otherwise, conforming to the

systems of self-insurance maintained by corporations similarly situated and in a similar location and owning like Properties, as may be determined by the Board of Directors of the Company or such Restricted Subsidiary.

Section 9.6 Limitation on Conduct of Business.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, engage in the conduct of any business other than the Oil and Gas Business.

Section 9.7 Statement by Officers as to Default.

(a) The Company shall deliver to the Trustee, within 100 days after the end of each fiscal year of the Company and within 45 days of the end of each of the first, second and third quarters of each fiscal year of the Company, an Officers' Certificate stating that a review of the activities of the Company and its Restricted Subsidiaries during the preceding fiscal quarter or fiscal year, as applicable, has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge the Company has kept, observed, performed and fulfilled each and every condition and covenant contained in this Indenture and no Default or Event of Default has occurred and is continuing (or, if a Default or Event of Default shall have occurred to either such Officer's knowledge, describing all such Defaults or Events of Default of which such Officer may have knowledge and what action the Company is taking or proposes to take with respect thereto). Such Officers' Certificate shall comply with TIA Section 314(a)(4). For purposes of this Section 9.7(a), such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) The Company shall, so long as any of the Securities is outstanding, deliver to the Trustee, upon any of its Officers becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company proposes to take with respect thereto, within 10 days of its occurrence.

Section 9.8 Provision of Financial Information.

The Company (and the Subsidiary Guarantors, if applicable) shall file on a timely basis with the SEC, to the extent such filings are accepted by the Commission and whether or not the Company has a class of securities registered under the Exchange Act, the annual reports, quarterly reports and other documents that the Company would be required to file if it were subject to Section 13 or 15 of the Exchange Act. The Company (and the Subsidiary Guarantors, if applicable) shall also file with the Trustee (with exhibits), and provide to each Holder of Securities (without exhibits), without cost to such Holder, copies of such reports and documents within 15 days after the date on which the Company (and the Subsidiary Guarantors, if applicable) file such reports and documents with the Commission or the date on which the Company (and the Subsidiary Guarantors, if applicable) would be required to file such reports and documents if the Company were so required and, if filing such reports and documents with the Commission is not accepted by the Commission or is prohibited under the Exchange Act, the Company shall supply at its cost copies of such reports and documents (including any exhibits thereto) to any Holder of Securities promptly upon written request given in accordance with Section 13.4 hereof. The Company is obligated to make available, upon request, to any Holder of Securities the information required by Rule 144A(d)(4) under the Securities Act, during any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act.

Section 9.9 Limitation on Restricted Payments.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, take the following actions:

(i) declare or pay any dividend on, or make any distribution to holders of, any shares of Capital Stock of the Company (other than dividends or distributions payable solely in shares of Qualified Capital Stock of the Company or in options, warrants or other rights to purchase Qualified Capital Stock of the Company);

(ii) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any Affiliate thereof (other than any Wholly Owned Restricted Subsidiary of the Company) or any options, warrants or other rights to acquire such Capital Stock (other than the purchase, redemption, acquisition or retirement of any Disqualified Capital Stock of the Company solely in shares of Qualified Capital Stock of the Company);

(iii) make any principal payment on or repurchase, redeem, defease or otherwise acquire or retire for value, prior to any scheduled principal payment, scheduled sinking fund payment or maturity, any Subordinated Indebtedness, except in any case out of the proceeds of Permitted Refinancing Indebtedness, or

(iv) make any Restricted Investment;

(such payments or other actions described in clauses (i) through (iv) being collectively referred to as "Restricted Payments"), unless at the time of and after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, shall be the amount determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a Board Resolution), (A) no Default or Event of Default shall have occurred and be continuing, (B) the Company could incur \$1.00 of additional Indebtedness (other than Permitted Indebtedness) in accordance with Section 9.11(a) hereof and (C) the aggregate amount of all Restricted Payments declared or made after the date of this Indenture shall not exceed the sum (without duplication) of the following:

(1) 50% of the Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on April 1, 1999 and ending on the last day of the Company's last fiscal quarter ending prior to the date of such proposed Restricted Payment (or, if such Consolidated Net Income shall be a loss, minus 100% of such loss), plus

(2) the aggregate Net Cash Proceeds, or the Fair Market Value of Property other than cash, received after the date of this Indenture by the Company from the issuance or sale (other than to any of its Restricted Subsidiaries) of shares of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such shares of Qualified Capital Stock of the Company, plus

(3) the aggregate Net Cash Proceeds, or the Fair Market Value of Property other than cash, received after the date of this Indenture by the Company (other than from any of its Restricted Subsidiaries) upon the exercise of any options, warrants or rights to purchase shares of Qualified Capital Stock of the Company, plus

(4) the aggregate Net Cash Proceeds received after the date of this Indenture by the Company from the issuance or sale (other than to any of its Restricted Subsidiaries) of Indebtedness or shares of Disqualified Capital Stock that have been converted into or exchanged for Qualified Capital Stock of the Company, together with the aggregate cash received by the Company at the time of such conversion or exchange, plus

(5) to the extent not otherwise included in Consolidated Net Income, the net reduction in Investments in Unrestricted Subsidiaries resulting from dividends, repayments of loans or advances, or other transfers of assets, in each case to the Company or a Restricted Subsidiary after the date of this Indenture from any Unrestricted Subsidiary or from the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"), not to exceed in the case of any Unrestricted Subsidiary the total amount of Investments (other than Permitted Investments) in such Unrestricted Subsidiary made by the Company and its Restricted Subsidiaries in such Unrestricted Subsidiary after the date of this Indenture.

(b) Notwithstanding paragraph (a) above, the Company and its Restricted Subsidiaries may take the following actions so long as (in the case of clauses (ii), (iii) and (iv) below) no Default or Event of Default shall have occurred and be continuing:

(i) the payment of any dividend on any Capital Stock of the Company within 60 days after the date of declaration thereof, if at such declaration date such declaration complied with the provisions of paragraph (a) above (and such payment shall be deemed to have been paid on such date of declaration for purposes of any calculation required by the provisions of paragraph (a) above);

(ii) the payment of dividends through June 30, 2004 on any shares of the Company's Series A Preferred Stock or Series B Preferred Stock outstanding on the date of the Indenture (and including shares of Series A Preferred Stock into which shares of Series B Preferred Stock outstanding on the date of this Indenture are converted in accordance with their terms) in an aggregate annual amount not in excess of 9.0% of the par value of such shares that are outstanding, provided that (A) such dividends are paid within 60 days of the date of declaration thereof and (B) on the date of declaration and having given pro forma effect to the making of such payment the Consolidated Fixed Charge Coverage Ratio for the four full fiscal quarters immediately preceding such event, taken as one period, would have been equal to or greater than 2.25 to 1.0;

(iii) the repurchase, redemption or other acquisition or retirement of any shares of any class of Capital Stock of the Company or any Restricted Subsidiary, in exchange for, or out of the aggregate Net Cash Proceeds of, a substantially concurrent issue and sale (other than to a Restricted Subsidiary) of shares of Qualified Capital Stock of the Company;

(iv) the repurchase, redemption, repayment, defeasance or other acquisition or retirement for value of any Subordinated Indebtedness in exchange for, or out of the aggregate Net Cash Proceeds from, a substantially concurrent issue and sale (other than to a Restricted Subsidiary) of shares of Qualified Capital Stock of the Company;

(v) the purchase, redemption, repayment, defeasance or other acquisition or retirement for value of Subordinated Indebtedness (other than Disqualified Capital Stock) in exchange for, or out of the aggregate net cash proceeds of, a substantially concurrent incurrence (other than to a Restricted Subsidiary) of Subordinated Indebtedness of the Company so long as (A) the principal amount of such new Indebtedness does not exceed the principal amount (or, if such Subordinated Indebtedness being refinanced provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration thereof, such lesser amount as of the date of determination) of the Subordinated Indebtedness being so purchased, redeemed, repaid, defeased, acquired or retired, plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Indebtedness refinanced or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing, plus the amount of expenses of the Company incurred in connection with such refinancing, (B) such new Indebtedness is subordinated to the Securities at least to the same extent as such

Subordinated Indebtedness so purchased, redeemed, repaid, defeased, acquired or retired, and (C) such new Indebtedness has an Average Life to Stated Maturity that is longer than the Average Life to Stated Maturity of the Securities and such new Indebtedness has a Stated Maturity for its final scheduled principal payment that is at least 91 days later than the Stated Maturity for the final scheduled principal payment of the Securities; and

(vi) loans made to officers, directors or employees of the Company or any Restricted Subsidiary approved by the Board of Directors of the Company in an aggregate amount not to exceed \$1,000,000 outstanding at any one time, the proceeds of which are used solely (A) to purchase common stock of the Company in connection with a restricted stock or employee stock purchase plan, or to exercise stock options received pursuant to an employee or director stock option plan or other incentive plan, in a principal amount not to exceed the exercise price of such stock options or (B) to refinance loans, together with accrued interest thereon, made pursuant to item (A) of this clause (v).

The actions described in clauses (i), (ii), (iii), (iv) and (vi) of this paragraph (b) shall be Restricted Payments that shall be permitted to be made in accordance with this paragraph (b) but shall reduce the amount that would otherwise be available for Restricted Payments under clause (3) of paragraph (a) (provided that any dividend paid pursuant to clause (i) of this paragraph (b) shall reduce the amount that would otherwise be available under clause (3) of paragraph (a) when declared, but not also when subsequently paid pursuant to such clause (i)), and the actions described in clause (iv) of this paragraph (b) shall be permitted to be taken in accordance with this paragraph and shall not reduce the amount that would otherwise be available for Restricted Payments under clause (3) of paragraph (a).

(c) In computing Consolidated Net Income under paragraph (a) above, (1) the Company shall use audited financial statements for the portions of the relevant period for which audited financial statements are available on the date of determination and unaudited financial statements and other current financial data based on the books and records of the Company for the remaining portion of such period and (2) the Company shall be permitted to rely in good faith on the financial statements and other financial data derived from the books and records of the Company that are available on the date of determination. If the Company makes a Restricted Payment which, at the time of the making of such Restricted Payment would in the good faith determination of the Company be permitted under the requirements of this Indenture, such Restricted Payment shall be deemed to have been made in compliance with this Indenture notwithstanding any subsequent adjustments made in good faith to the Company's financial statements affecting Consolidated Net Income of the Company for any period.

Section 9.10 Limitation on Guarantees by Subsidiary Guarantors.

The Company shall not permit any Subsidiary Guarantor to guarantee the payment of any Subordinated Indebtedness of the Company unless such guarantee shall be subordinated to such Subsidiary Guarantor's Subsidiary Guarantee at least to the same extent as such Subordinated Indebtedness is subordinated to the Securities; provided, however, that this Section 9.10 shall not be applicable to any guarantee of any Subsidiary Guarantor that (i) existed at the time such Person became a Subsidiary of the Company and (ii) was not incurred in connection with, or in contemplation of, such Person's becoming a Subsidiary of the Company.

Section 9.11 Limitation on Indebtedness and Disqualified Capital Stock.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, create, incur, assume, guarantee or in any manner become directly or indirectly liable for the payment of (collectively, "incur") any Indebtedness (including any Acquired Indebtedness), except for Permitted Indebtedness, and the Company shall not, and shall not permit any of its

Restricted Subsidiaries to, issue any Disqualified Capital Stock (except for the issuance by the Company of (A) 1,948,001 shares of Series A Preferred Stock and 1,051,999 shares of Series B Preferred Stock on the date of this Indenture (and including the shares of Series A Preferred Stock issued upon the conversion of such shares of Series B Preferred Stock into shares of Series A Preferred Stock in accordance with their terms) and (B) Disqualified Capital Stock (1) which is redeemable at the Company's option in cash or Qualified Capital Stock and (2) the dividends on which are payable at the Company's option in cash or Qualified Capital Stock); provided however, that the Company and its Restricted Subsidiaries that are Subsidiary Guarantors may incur Indebtedness or issue shares of Disqualified Capital Stock if (i) at the time of such event and after giving effect thereto on a pro forma basis the Consolidated Fixed Charge Coverage Ratio for the four full quarters immediately preceding such event, taken as one period, would have been equal to or greater than 2.5 to 1.0 and (ii) no Default or Event of Default shall have occurred and be continuing at the time such additional Indebtedness is incurred or such Disqualified Capital Stock is issued or would occur as a consequence of the incurrence of the additional Indebtedness or the issuance of the Disqualified Capital Stock. For purposes of determining compliance with this Section 9.11(a), in the event that an item of Indebtedness meets the criteria of one or more of the categories of Permitted Indebtedness described in clauses (i) through (xi) of such definition or is entitled to be incurred (whether incurred under the Bank Credit Facility or otherwise) pursuant to the proviso of the foregoing sentence, the Company may, in its sole discretion, classify such item of Indebtedness in any manner that complies with this covenant and such item of Indebtedness will be treated as having been incurred pursuant too only one of such clauses of the definition of Permitted Indebtedness or the proviso of the foregoing sentence and an item of Indebtedness may be divided and classified in more than one of the types of Indebtedness permitted hereunder.

(b) The amount of any guarantee by the Company or any Restricted Subsidiary of any Indebtedness of the Company or one or more Restricted Subsidiaries shall not be deemed to be outstanding or incurred for purposes of this Section 9.11 hereof in addition to the amount of Indebtedness which it guarantees.

(c) For purposes of this Section 9.11, Indebtedness of any Person that becomes a Restricted Subsidiary by merger, consolidation or other acquisition shall be deemed to have been incurred by the Company and the Restricted Subsidiary at the time such Person becomes a Restricted Subsidiary.

Section 9.12 Additional Subsidiary Guarantors.

(a) The Company shall cause each Restricted Subsidiary that becomes, or comes into existence as, a Restricted Subsidiary after the date of this Indenture and has assets, businesses, divisions, real property or equipment with a Fair Market Value in excess of \$5,000,000 to execute and deliver a supplemental indenture to this Indenture agreeing to be bound by its terms applicable to a Subsidiary Guarantor and providing for a Subsidiary Guarantee of the Securities by such Restricted Subsidiary.

(b) Notwithstanding the foregoing and the other provisions of this Indenture, any Subsidiary Guarantee incurred by a Restricted Subsidiary pursuant to this Section 9.12 shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the terms and conditions set forth in Section 12.3 hereof.

Section 9.13 Limitation on Issuances and Sales of Capital Stock by Restricted Subsidiaries.

The Company (a) shall not permit any Restricted Subsidiary to issue or sell any Capital Stock to any Person other than to the Company or one of its Wholly Owned Restricted Subsidiaries or (b) permit any Person other than the Company or one of its Wholly Owned Restricted Subsidiaries to own any Capital Stock of any other Restricted Subsidiary except, in each case, for (i) directors' qualifying shares, (ii) the Capital Stock of a Restricted Subsidiary owned by a Person at

the time such Restricted Subsidiary became a Restricted Subsidiary or acquired by such Person in connection with the formation of the Restricted Subsidiary, or transfers thereof or (iii) a sale of all of the Capital Stock of a Restricted Subsidiary owned by the Company or its Subsidiaries effected in accordance with Section 9.16 hereof, (d) Qualifying TECONS or (e) any sale or issuance of Capital Stock of a Foreign Subsidiary that is required to be issued to or owned by the government of a foreign jurisdiction or individual or corporate citizens of such foreign jurisdiction in order for such Foreign Subsidiary to transact business in such foreign jurisdiction, provided, that any such sale or issuance shall be deemed to be an Asset Sale to the extent the percentage of the total outstanding Voting Stock of such Foreign Subsidiary owned directly and indirectly by the Company is reduced as a result of such sale or issuance and any such sale or issuance must be made in compliance with the provisions of Section 9.16 hereof.

Section 9.14 Limitation on Liens.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume, affirm or suffer to exist or become effective any Lien of any kind, except for Permitted Liens, upon any of their respective Properties, whether now owned or acquired after the date of this Indenture, or any income or profits therefrom, or assign or convey any right to receive income thereon, unless (a) in the case of any Lien securing Subordinated Indebtedness, the Securities are secured by a lien on such Property or proceeds that is senior in priority to such Lien and (b) in the case of any other Lien, the Securities are directly secured equally and ratably with the obligation or liability secured by such Lien.

Section 9.15 Purchase of Securities Upon Change of Control.

(a) Upon the occurrence of a Change of Control, the Company shall be obligated to make an offer to purchase (a "Change of Control Offer") all of the then Outstanding Securities, in whole or in part, from the Holders of such Securities in integral multiples of \$1,000, at a purchase price (the "Change of Control Purchase Price") equal to 101% of the aggregate principal amount of such Securities, plus accrued and unpaid interest, if any, to the Change of Control Purchase Date (as defined below), in accordance with the procedures set forth in paragraphs (b), (c) and (d) of this Section. The Company shall, subject to the provisions described below, be required to purchase all Securities properly tendered into the Change of Control Offer and not withdrawn. The Company will not be required to make a Change of Control Offer upon a Change of Control if another Person makes the Change of Control Offer at the same purchase price, at the same times and otherwise in substantial compliance with the requirements applicable to a Change of Control Offer to be made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer.

(b) The Change of Control Offer is required to remain open for at least 20 Business Days and until the close of business on the fifth Business Day prior to the Change of Control Purchase Date (as defined below).

(c) Not later than the 30th day following any Change of Control, the Company shall give to the Trustee in the manner provided in Section 13.4 and each Holder of the Securities in the manner provided in Section 13.5, a notice (the "Change of Control Notice") governing the terms of the Change of Control Offer and stating:

(1) that a Change in Control has occurred and that such Holder has the right to require the Company to repurchase such Holder's Securities, or portion thereof, at the Change of Control Purchase Price;

(2) any information regarding such Change of Control required to be furnished pursuant to Rule 13e-1 under the Exchange Act and any other securities laws and regulations thereunder;

(3) a purchase date (the "Change of Control Purchase Date") which shall be on a Business Day and no earlier than 30 days nor later than 60 days from the date the Change of Control occurred;

(4) that any Security, or portion thereof, not tendered or accepted for payment will continue to accrue interest:

(5) that unless the Company defaults in depositing money with the Paying Agent in accordance with the last paragraph of clause (d) of this Section 9.15, or payment is otherwise prevented, any Security, or portion thereof, accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

(6) the instructions a Holder must follow in order to have his Securities repurchased in accordance with paragraph (d) of this Section.

If any of the Securities subject to the Change of Control Offer is in the form of a Global Security, then the Company shall modify the Change of Control Notice to the extent necessary to accord with the procedures of the depository applicable thereto.

(d) Holders electing to have Securities purchased will be required to surrender such Securities to the Paying Agent at the address specified in the Change of Control Notice at least five Business Days prior to the Change of Control Purchase Date. Holders will be entitled to withdraw their election if the Paying Agent receives, not later than three Business Days prior to the Change of Control Purchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder and principal amount of the Securities delivered for purchase by the Holder as to which his election is to be withdrawn and a statement that such Holder is withdrawing his election to have such Securities purchased. Holders whose Securities are purchased only in part will be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

On the Change of Control Purchase Date, the Company shall (i) accept for payment Securities or portions thereof validly tendered pursuant to a Change of Control Offer, (ii) deposit with the Paying Agent money sufficient to pay the purchase price of all Securities or portions thereof so tendered, and (iii) deliver or cause to be delivered to the Trustee the Securities so accepted. The Paying Agent shall promptly mail or deliver to Holders of the Securities so tendered payment in an amount equal to the purchase price for the Securities, and the Company shall execute and the Trustee shall authenticate and mail or make available for delivery to such Holders a new Security equal in principal amount to any unpurchased portion of the Security which any such Holder did not surrender for purchase. The Company shall announce the results of a Change of Control Offer on or as soon as practicable after the Change of Control Purchase Date. For purposes of this Section 9.15, the Trustee will act as the Paying Agent.

(e) The Company shall comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that a Change of Control occurs and the Company is required to purchase Securities as described in this Section 9.15.

Section 9.16 Limitation on Asset Sales.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate any Asset Sale unless (i) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Property subject to such Asset Sale and (ii) all of the consideration paid to the Company or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash,

Cash Equivalents, Liquid Securities, Exchanged Properties or the assumption by the purchaser of liabilities of the Company (other than liabilities of the Company that are by their terms subordinated to the Securities) or liabilities of any Subsidiary Guarantor that made such Asset Sale (other than liabilities of a Subsidiary Guarantor that are by their terms subordinated to such Subsidiary Guarantor's Subsidiary Guarantee), in each case as a result of which the Company and its remaining Restricted Subsidiaries are no longer liable for such liabilities ("Permitted Consideration"); provided, however, that the Company and its Restricted Subsidiaries shall be permitted to receive Property other than Permitted Consideration, so long as the aggregate Fair Market Value of all such Property other than Permitted Consideration received from Asset Sales and held by the Company or any Restricted Subsidiary at any one time shall not exceed 7.5% of Adjusted Consolidated Net Tangible Assets. The Net Available Cash from Asset Sales by the Company or a Restricted Subsidiary may be applied by the Company or such Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Senior Indebtedness of the Company or a Subsidiary Guarantor), to (i) repay Indebtedness of the Company under the Bank Credit Facility, (ii) reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or (iii) purchase Securities or purchase both Securities and one or more series or issues of other Senior Indebtedness on a pro rata basis (excluding Securities and Senior Indebtedness owned by the Company or an Affiliate of the Company). Pending any reinvestment pursuant to clause (ii) in the preceding sentence, the Company may temporarily prepay, repay or purchase Senior Indebtedness of the Company or a Subsidiary Guarantor.

(b) Any Net Available Cash from an Asset Sale not applied in accordance with the preceding paragraph within 365 days from the date of such Asset Sale shall constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$10,000,000, the Company shall be required to make an offer to purchase Securities having an aggregate principal amount equal to the aggregate amount of Excess Proceeds (the "Prepayment Offer") at a purchase price equal to 100% of the principal amount of such Securities plus accrued and unpaid interest, if any, to the Purchase Date (as defined) in accordance with the procedures (including prorating in the event of oversubscription) set forth herein. If the aggregate principal amount of Securities tendered by Holders thereof exceeds the amount of available Excess Proceeds, then such Excess Proceeds shall be allocated pro rata according to the principal amount of the Securities tendered and the Trustee shall select the Securities to be purchased in accordance herewith. To the extent that any portion of the amount of Excess Proceeds remains after compliance with the second sentence of this paragraph and provided that all Holders of Securities have been given the opportunity to tender their Securities for purchase as described in the following paragraph in accordance with this Indenture, the Company and its Restricted Subsidiaries may use such remaining amount for purposes permitted by this Indenture and the amount of Excess Proceeds shall be reset to zero.

(c) (1) Within 30 days after the 365th day following the date of an Asset Sale, the Company shall, if it is obligated to make an offer to purchase the Securities pursuant to the preceding paragraph, send a written Prepayment Offer notice, by first-class mail, to the Trustee and the Holders of the Securities (the "Prepayment Offer Notice"), accompanied by such information regarding the Company and its Subsidiaries as the Company believes shall enable such Holders of the Securities to make an informed decision with respect to the Prepayment Offer (which at a minimum shall include (i) the most recently filed Annual Report on Form 10-K (including audited consolidated financial statements) of the Company, the most recent subsequently filed Quarterly Report on Form 10-Q of the Company and any Current Report on Form 8-K of the Company filed subsequent to such Quarterly Report, other than Current Reports describing Asset Sales otherwise described in the offering materials, or corresponding successor reports (or, during any time that the Company is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, corresponding reports prepared pursuant to Section 9.8), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such reports and (iii) if material, appropriate pro forma financial information). The Prepayment Offer Notice shall state, among other things, (i) that the Company is offering to purchase Securities pursuant to the provisions of this Indenture, (ii) that any Security (or any portion thereof) accepted for payment (and duly

paid on the Purchase Date) pursuant to the Prepayment Offer shall cease to accrue interest on the Purchase Date, (iii) that any Securities (or portions thereof) not properly tendered shall continue to accrue interest, (iv) the purchase price and purchase date, which shall be, subject to any contrary requirements of applicable law, no less than 30 days nor more than 60 days after the date the Prepayment Offer Notice is mailed (the "Purchase Date"), (v) the aggregate principal amount of Securities to be purchased, (vi) a description of the procedure which Holders of Securities must follow in order to tender their Securities and the procedures that Holders of Securities must follow in order to withdraw an election to tender their Securities for payment and (vii) all other instructions and materials necessary to enable Holders to tender Securities pursuant to the Prepayment Offer.

(2) Not later than the date upon which written notice of a Prepayment Offer is delivered to the Trustee as provided above, the Company shall deliver to the Trustee an Officers' Certificate as to (i) the amount of the Prepayment Offer (the "Offer Amount"), (ii) the allocation of the Net Available Cash from the Asset Sales pursuant to which such Prepayment Offer is being made and (iii) the compliance of such allocation with the provisions of Section 9.16(a). On such date, the Company shall also irrevocably deposit with the Trustee or with the Paying Agent (or, if the Company is the Paying Agent, shall segregate and hold in trust) in cash an amount equal to the Offer Amount to be held for payment in accordance with the provisions of this Section. Upon the expiration of the period for which the Prepayment Offer remains open (the "Offer Period"), the Company shall deliver to the Trustee for cancellation the Securities or portions thereof which have been properly tendered to and are to be accepted by the Company. The Trustee or the Paying Agent shall, on the Purchase Date, mail or deliver payment to each tendering Holder in the amount of the purchase price. In the event that the aggregate purchase price of the Securities delivered by the Company to the Trustee is less than the Offer Amount, the Trustee or the Paying Agent shall deliver the excess to the Company immediately after the expiration of the Offer Period for application in accordance with this Section.

(3) Holders electing to have a Security purchased shall be required to surrender the Security, with an appropriate form duly completed, to the Company or its agent at the address specified in the notice at least three Business Days prior to the Purchase Date. Holders shall be entitled to withdraw their election if the Trustee or the Company receives not later than one Business Day prior to the Purchase Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security which was delivered for purchase by the Holder and a statement that such Holder is withdrawing his election to have such Security purchased. If at the expiration of the Offer Period the aggregate principal amount of Securities surrendered by Holders exceeds the Offer Amount, the Company shall select the Securities to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Securities in denominations of \$1,000, or integral multiples thereof, shall be purchased). Holders whose Securities are purchased only in part shall be issued new Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(4) At the time the Company delivers Securities to the Trustee which are to be accepted for purchase, the Company shall also deliver an Officers' Certificate stating that such Securities are to be accepted by the Company pursuant to and in accordance with the terms of this Section 9.16. A Security shall be deemed to have been accepted for purchase at the time the Trustee or the Paying Agent mails or delivers payment therefor to the surrendering Holder.

(d) The Company shall comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Securities as described above. To the extent that the provisions of any securities laws or regulations conflict with the provisions relating to the Prepayment Offer, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described above by virtue thereof.

Section 9.17 Limitation on Transactions with Affiliates.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of Property or the rendering of any services) with, or for the benefit of, any Affiliate of the Company (other than the Company or a Wholly Owned Restricted Subsidiary), unless (a) such transaction or series of related transactions is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction in arm's-length dealings with an unrelated third party, (b) with respect to a transaction or series of related transactions involving aggregate payments in excess of \$2,500,000, the Company delivers an Officers' Certificate to the Trustee certifying that such transaction or series of related transactions complies with clause (a) above and that such transaction or series of related transactions has been approved by a majority of the Disinterested Directors of the Company, and (c) with respect to any one transaction or series of related transactions involving aggregate payments in excess of \$10,000,000, the Officers' Certificate referred to in clause (b) above also certifies that the Company has obtained a written opinion from an independent nationally recognized investment banking firm or appraisal firm specializing or having a speciality in the type and subject matter of the transaction or series of related transactions at issue, which opinion shall be to the effect set forth in clause (a) above or shall state that such transaction or series of related transactions is fair from a financial point of view to the Company or such Restricted Subsidiary; provided, however, that the foregoing restriction shall not apply to (i) loans or advances to officers, directors and employees of the Company or any Restricted Subsidiary made in the ordinary course of business in an aggregate amount not to exceed \$1,000,000 outstanding at any one time, (ii) indemnities of officers, directors, employees and other agents of the Company or any Restricted Subsidiary permitted by corporate charter or other organizational document, bylaw or statutory provisions, (iii) the payment of reasonable and customary fees to directors of the Company or any of its Restricted Subsidiaries who are not employees of the Company or any Affiliate, (iv) the Company's employee compensation and other benefit arrangements, (v) transactions exclusively between or among the Company and any of the Restricted Subsidiaries or exclusively between or among such Restricted Subsidiaries, provided such transactions are not otherwise prohibited by the Indenture, and (vi) any Restricted Payment permitted to be paid pursuant Section 9.9.

Section 9.18 Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or suffer to exist or allow to become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock, or make payments on any Indebtedness owed, to the Company or any other Restricted Subsidiary, (b) to make loans or advances to the Company or any other Restricted Subsidiary or (c) to transfer any of its Property to the Company or any other Restricted Subsidiary (any such restrictions being collectively referred to herein as a "Payment Restriction"), except for such encumbrances or restrictions existing under or by reason of (i) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Company or any Restricted Subsidiary, or customary restrictions in licenses relating to the Property covered thereby and entered into in the ordinary course of business, (ii) any instrument governing Indebtedness of a Person acquired by the Company or any Restricted Subsidiary at the time of such acquisition, which encumbrance or restriction is not applicable to any other Person, other than the Person, or the Property of the Person, so acquired, provided that such Indebtedness was not incurred in anticipation of such acquisition or (iii) the Bank Credit Facility as in effect on the date of this Indenture or any agreement that amends, modifies, supplements, restates, extends, renews, refinances or replaces the Bank Credit Facility, provided that the terms and conditions of any Payment Restriction thereunder are not materially less favorable to the Holders of the Securities than those under the Bank Credit Facility as in effect on the date of this Indenture.

Section 9.19 Limitation on Sale and Leaseback Transactions.

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale/Leaseback Transaction unless (i) the Company or such Restricted Subsidiary, as the case may be, would be able to incur Indebtedness in an amount equal to the Attributable Indebtedness with respect to such Sale/Leaseback Transaction or (ii) the Company or such Restricted Subsidiary receives proceeds from such Sale/Leaseback Transaction at least equal to the fair market value thereof (as determined in good faith by the Company's Board of Directors, whose determination in good faith, evidenced by a resolution of such Board shall be conclusive) and such proceeds are applied in the same manner and to the same extent as Net Available Cash and Excess Proceeds from an Asset Sale.

Section 9.20 Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Sections 9.5 through 9.11, Sections 9.13 and 9.14 and Sections 9.17 through 9.19 hereof if, before or after the time for such compliance, the Holders of at least a majority in aggregate principal amount of the Outstanding Securities and the Subsidiary Guarantors, by Act of such Holders and written agreement of the Subsidiary Guarantors, waive such compliance in such instance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE X.

REDEMPTION OF SECURITIES

Section 10.1 Notice to Trustee.

If the Company elects to redeem Securities pursuant to paragraph 5 of the Securities, it shall notify the Trustee in writing of the redemption date, the principal amount of Securities to be redeemed and that such redemption is being made pursuant to paragraph 5 of the Securities.

The Company shall give each notice to the Trustee provided for in this Section at least 60 days before the Redemption Date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Company to the effect that such redemption will comply with the conditions herein. Any election to redeem Securities shall be revocable until the Company gives a notice of redemption pursuant to Section 10.2 to the Holders of Securities to be redeemed.

Section 10.2 Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities are to be redeemed, the particular Securities to be redeemed shall be selected not less than 30 days nor more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities not previously called for redemption, pro rata, by lot or by any other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Securities; provided, however, that any such partial redemption shall be in integral multiples of \$1,000.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 10.3 Notice of Redemption.

Notice of redemption shall be given in the manner provided for in Section 13.5 hereof not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed.

All notices of redemption shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) if less than all Outstanding Securities are to be redeemed, the identification (and, in the case of a partial redemption, the principal amounts) of the particular Securities to be redeemed;

(d) that on the Redemption Date the Redemption Price (together with accrued interest, if any, to the Redemption Date payable as provided in Section 10.5 hereof) will become due and payable upon each such Security, or the portion thereof, to be redeemed, and that, unless the Company shall default in the payment of the Redemption Price and any applicable accrued interest, interest thereon will cease to accrue on and after said date; and

(e) the place or places where such Securities are to be surrendered for payment of the Redemption Price.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. Failure to give such notice by mailing to any Holder of Securities or any defect therein shall not affect the validity of any proceedings for the redemption of other Securities.

Section 10.4 Deposit of Redemption Price.

On or before 10:00 a.m., Eastern time, on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.3 hereof) an amount of money sufficient to pay the Redemption Price of, and accrued and unpaid interest on, all the Securities which are to be redeemed on such Redemption Date.

Section 10.5 Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified (together with accrued and unpaid interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued and unpaid interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued and unpaid interest, if any, to the Redemption Date.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by the Securities.

Section 10.6 Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at the office or agency of the Company maintained for such purpose pursuant to Section 9.2 hereof (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal amount of the Security so surrendered.

ARTICLE XI.

DEFEASANCE AND COVENANT DEFEASANCE

Section 11.1 Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may, at its option by Board Resolution, at any time, with respect to the Securities, elect to have either Section 11.2 or Section 11.3 hereof be applied to all Outstanding Securities upon compliance with the conditions set forth below in this Article XI.

Section 11.2 Defeasance and Discharge.

Upon the Company's exercise under Section 11.1 hereof of the option applicable to this Section 11.2, the Company and the Subsidiary Guarantors shall be deemed to have been discharged from their respective obligations with respect to all Outstanding Securities on the date the conditions set forth in Section 11.4 hereof are satisfied (hereinafter, "legal defeasance"). For this purpose, such legal defeasance means that the Company and the Subsidiary Guarantors shall be deemed (i) to have paid and discharged their respective obligations under the Outstanding Securities; provided, however, that the Securities shall continue to be deemed to be "Outstanding" for purposes of Section 11.5 hereof and the other Sections of this Indenture referred to in clauses (A) and (B) below, and (ii) to have satisfied all their other obligations with respect to such Securities and this Indenture (and the Trustee, at the expense and direction of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of Outstanding Securities to receive, solely from the trust fund described in Section 11.4 hereof and as more fully set forth in such Section, payments in respect of the principal of (and premium if any, on) and interest on such Securities when such payments are due (or at such time as the Securities would be subject to redemption at the option of the Company in accordance with this Indenture), (B) the respective obligations of the Company and the Subsidiary Guarantors under Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 4.8, 4.14, 5.6, 5.9, 5.10, 9.2, 9.3, 12.1 (to the extent it relates to the foregoing Sections and this Article XI), 12.4 and 12.5 hereof, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and (D) the obligations of the Company and the Subsidiary Guarantors under this Article XI. Subject to compliance with this Article XI, the Company may exercise its option under this Section 11.2 notwithstanding the prior exercise of its option under Section 11.3 hereof with respect to the Securities.

Section 11.3 Covenant Defeasance.

Upon the Company's exercise under Section 11.1 hereof of the option applicable to this Section 11.3, the Company and each Subsidiary Guarantor shall be released from their respective obligations under any covenant contained in Article VII, in Sections 9.5 through 9.19 and in Section 12.2 hereof with respect to the Outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and the Securities shall thereafter be deemed not to be "Outstanding" for the purposes

of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities, the Company and each Subsidiary Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 4.1(c) or 4.1(d) hereof, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 11.4 Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 11.2 or Section 11.3 hereof to the Outstanding Securities:

(a) The Company or any Subsidiary Guarantor shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 5.7 hereof who shall agree to comply with the provisions of this Article XI applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) cash in United States dollars in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of (and premium, if any, on) and interest on the Outstanding Securities on the Stated Maturity thereof (or Redemption Date, if applicable), provided that the Trustee shall have been irrevocably instructed in writing by the Company to apply such money or the proceeds of such U.S. Government Obligations to said payments with respect to the Securities. Before such a deposit, the Company may give to the Trustee, in accordance with Section 10.1 hereof, a notice of its election to redeem all of the Outstanding Securities at a future date in accordance with Article X hereof, which notice shall be irrevocable. Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing. For this purpose, "U.S. Government Obligations" means securities that are (x) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(b) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit or, insofar as Sections 4.1(h) and 4.1(i) are concerned, at any time during the period ending on the 91st day after the date of such deposit.

(c) Such legal defeasance or covenant defeasance shall not cause the Trustee to have a conflicting interest under this Indenture or the Trust Indenture Act with respect to any securities of the Company or any Subsidiary Guarantor.

(d) Such legal defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company or any Subsidiary Guarantor is a party or by which it is bound, as evidenced to the Trustee in an Officers' Certificate delivered to the Trustee concurrently with such deposit.

(e) In the case of an election under Section 11.2 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of this Indenture there has been a change in the applicable federal income tax laws, in either case providing that the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred (it being understood that (x) such Opinion of Counsel shall also state that such ruling or applicable law is consistent with the conclusions reached in such Opinion of Counsel and (y) the Trustee shall be under no obligation to investigate the basis or correctness of such ruling).

(f) In the case of an election under Section 11.3 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(g) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, which, taken together, state that all conditions precedent provided for relating to either the legal defeasance under Section 11.2 hereof or the covenant defeasance under Section 11.3 (as the case may be) have been complied with.

Section 11.5 Deposited Money and U.S. Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 9.3 hereof, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee--collectively for purposes of this Section 11.5, the "Trustee") pursuant to Section 11.4 hereof in respect of the Outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against all taxes, fees or other charges imposed on or assessed against the U.S. Governmental Obligations deposited pursuant to Section 11.4 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Securities.

Anything in this Article XI to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 11.4 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent legal defeasance or covenant defeasance, as applicable, in accordance with this Article.

Section 11.6 Reinstatement.

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 11.5 hereof by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Subsidiary Guarantors' obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.2 or 11.3 hereof, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 11.5 hereof; provided, however, that if the Company or any Subsidiary Guarantor makes any payment of principal of (or premium, if any, on) or interest on any Security following the reinstatement of its obligations, the Company or such Subsidiary Guarantor shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE XII.

SUBSIDIARY GUARANTEES

Section 12.1 Unconditional Guarantee.

Each Subsidiary Guarantor hereby unconditionally, jointly and severally, guarantees (each such guarantee being referred to herein as this "Subsidiary Guarantee," with all such guarantees being referred to herein as the "Subsidiary Guarantees") to each Holder of Securities authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, the full and prompt performance of the Company's obligations under this Indenture and the Securities and that:

(a) the principal of (and premium, if any, on) and interest on the Securities will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Securities, if any, to the extent lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(b) in case of any extension of time of payment or renewal of any Securities or of any such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise; subject, however, in the case of clauses (a) and (b) above, to the limitations set forth in Section 12.4 hereof.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors will be jointly and severally obligated to pay the same immediately. Each Subsidiary Guarantor hereby agrees that its obligations hereunder shall, to the extent permitted by law, be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Subsidiary Guarantor hereby waives, to the extent permitted by law, diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee will not be discharged except by complete performance of the obligations contained in the Securities, this Indenture and in this Subsidiary Guarantee. If any Holder or the Trustee is required by any court or otherwise to return to the Company, any Subsidiary Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or any Subsidiary Guarantor, any amount paid by the Company or any Subsidiary Guarantor to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Subsidiary Guarantor agrees it shall not be entitled to enforce any right of subrogation in relation to the Holders in

respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between each Subsidiary Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article IV hereof for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any acceleration of such obligations as provided in Article IV hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by each Subsidiary Guarantor for the purpose of this Subsidiary Guarantee.

Section 12.2 Subsidiary Guarantors May Consolidate, etc., on Certain Terms.

(a) Except as set forth in Article VII hereof, nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of a Subsidiary Guarantor with or into the Company or another Subsidiary Guarantor or shall prevent any sale, conveyance or other disposition of all or substantially all the Properties of a Subsidiary Guarantor to the Company or another Subsidiary Guarantor.

(b) Except as set forth in Article VII hereof, nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of a Subsidiary Guarantor with or into a Person other than the Company or another Subsidiary Guarantor (whether or not Affiliated with the Subsidiary Guarantor), or successive consolidations or mergers in which a Subsidiary Guarantor or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance or other disposition of all or substantially all the Properties of a Subsidiary Guarantor to a Person other than the Company or another Subsidiary Guarantor (whether or not Affiliated with the Subsidiary Guarantor) authorized to acquire and operate the same; provided, however, that (i) immediately after such transaction, and giving effect thereto, no Default or Event of Default shall have occurred as a result of such transaction and be continuing, (ii) such transaction shall not violate any of the covenants of Sections 9.1 through 9.19 hereof, and (iii) each Subsidiary Guarantor hereby covenants and agrees that, upon any such consolidation, merger, sale, conveyance or other disposition, such Subsidiary Guarantor's Subsidiary Guarantee set forth in this Article XII, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by such Subsidiary Guarantor, shall be expressly assumed (in the event that the Subsidiary Guarantor is not the surviving corporation in a merger), by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by such Person formed by such consolidation, or into which the Subsidiary Guarantor shall have merged, or by the Person that shall have acquired such Property (except to the extent the following Section 12.3 would result in the release of such Subsidiary Guarantee, in which case such surviving Person or transferee of such Property shall not have to execute any such supplemental indenture and shall not have to assume such Subsidiary Guarantor's Subsidiary Guarantee). In the case of any such consolidation, merger, sale, conveyance or other disposition and upon the assumption by the successor Person, by supplemental indenture executed and delivered to the Trustee and satisfactory in form to the Trustee of the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor Person shall succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as the initial Subsidiary Guarantor.

Section 12.3 Release of Subsidiary Guarantors.

Upon the sale or disposition (by merger or otherwise) of a Subsidiary Guarantor (or all or substantially all of its Properties) to a Person other than the Company or another Subsidiary Guarantor and pursuant to a transaction that is otherwise in compliance with the terms of this Indenture, including but not limited to the provisions of Section 12.2 hereof or pursuant to Article VII hereof, such Subsidiary Guarantor shall be deemed released from its Subsidiary Guarantee and all related obligations under this Indenture; provided, however, that any such release shall occur only to the extent that all obligations of such Subsidiary Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure, other Indebtedness of the Company or any other Restricted Subsidiary shall also be released upon

such sale or other disposition. The Trustee shall deliver an appropriate instrument evidencing such release upon receipt of a Company Request accompanied by an Officers' Certificate and an Opinion of Counsel certifying that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture. Each Subsidiary Guarantor that is designated as an Unrestricted Subsidiary in accordance with the provisions of this Indenture shall be released from its Subsidiary Guarantee and all related obligations under this Indenture for so long as it remains an Unrestricted Subsidiary. The Trustee shall deliver an appropriate instrument evidencing such release upon its receipt of the Board Resolution designating such Unrestricted Subsidiary. Any Subsidiary Guarantor not released in accordance with this Section 12.3 shall remain liable for the full amount of principal of (and premium, if any, on) and interest on the Securities as provided in this Article XII.

Section 12.4 Limitation of Subsidiary Guarantors' Liability.

Each Subsidiary Guarantor, and by its acceptance hereof each Holder, hereby confirm that it is the intention of all such parties that the guarantee by such Subsidiary Guarantor pursuant to its Subsidiary Guarantee not constitute a fraudulent transfer or conveyance for purposes of the Federal Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law. To effectuate the foregoing intention, the Holders and each Subsidiary Guarantor hereby irrevocably agree that the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Subsidiary Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under its Subsidiary Guarantee or pursuant to Section 12.5 hereof, result in the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee not constituting such a fraudulent conveyance or fraudulent transfer. This Section 12.4 is for the benefit of the creditors of each Subsidiary Guarantor.

Section 12.5 Contribution.

In order to provide for just and equitable contribution among the Subsidiary Guarantors, the Subsidiary Guarantors agree, inter se, that in the event any payment or distribution is made by any Subsidiary Guarantor (a "Funding Guarantor") under its Subsidiary Guarantee, such Funding Guarantor shall be entitled to a contribution from each other Subsidiary Guarantor (if any) in a pro rata amount based on the Adjusted Net Assets of each Subsidiary Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by that Funding Guarantor in discharging the Company's obligations with respect to the Securities or any other Subsidiary Guarantor's obligations with respect to its Subsidiary Guarantee.

Section 12.6 Severability.

In case any provision of this Subsidiary Guarantee shall be invalid, illegal or unenforceable, that portion of such provision that is not invalid, illegal or unenforceable shall remain in effect, and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

ARTICLE XIII.

MISCELLANEOUS

Section 13.1 Compliance Certificates and Opinions.

Upon any application or request by the Company or any Subsidiary Guarantor to the Trustee to take any action under any provision of this Indenture, the Company or such Subsidiary Guarantor, as the case may be, shall furnish to the Trustee such certificates and opinions as may be required under the Trust

Indenture Act or this Indenture. Each such certificate and each such legal opinion shall be in the form of an Officers' Certificate or an Opinion of Counsel, as applicable, and shall comply with the requirements of this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each Person signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such Person, such condition or covenant has been complied with.

The certificates and opinions provided pursuant to this Section 13.1 and the statements required by this Section 13.1 shall be satisfactory to the Trustee and comply in all respects with TIA Sections 314(c) and (e).

Section 13.2 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters, upon an officers' certificate, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate with respect to such matters is erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 13.3 Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing

appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership, principal amount and serial numbers of Securities held by any Person, and the date of holding the same, shall be proved by the Security Register.

(d) If the Company shall solicit from the Holders of Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date, provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 13.4 Notices, etc. to Trustee, Company and Subsidiary Guarantors.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to or filed with,

(1) the Trustee by any Holder, the Company, any Subsidiary Guarantor or any holder of Senior Indebtedness shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing (in the English language) and delivered in person or mailed by certified or registered mail (return receipt requested) to the Trustee at its Corporate Trust Office; or

(2) the Company or any Subsidiary Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing (in the English language) and delivered in person or mailed by certified or registered mail (return receipt requested) to the Company or such Subsidiary Guarantor, as applicable, addressed to it at the Company's offices located at 5005 LBJ

Freeway, Suite 1000, Dallas, Texas 75244, Attention: Chief Financial Officer, or at any other address otherwise furnished in writing to the Trustee by the Company.

Section 13.5 Notice to Holders; Waiver.

Where this Indenture provides for notice of any event to Holders by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing (in the English language) and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice for every purpose hereunder.

Section 13.6 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 13.7 Successors and Assigns.

All covenants and agreements in this Indenture by the Company and the Subsidiary Guarantors shall bind their respective successors and assigns, whether so expressed or not. All agreements of the Trustee in this Indenture shall bind its successor.

Section 13.8 Severability.

In case any provision in this Indenture or in the Securities or the Subsidiary Guarantees shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and a Holder shall have no claim therefor against any party hereto.

Section 13.9 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person (other than the parties hereto, any Paying Agent, any Registrar and their successors hereunder, the Holders and, to the extent set forth in Section 12.4 hereof, creditors of Subsidiary Guarantors and the holders of Senior Indebtedness) any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 13.10 Governing Law; Trust Indenture Act Controls.

(a) THIS INDENTURE, THE SUBSIDIARY GUARANTEES AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE SUBSIDIARY GUARANTEES, AND THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED BY ANY SUCH COURT.

(b) This Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by operation of Section 318(c) of the Trust Indenture Act, or conflicts with any provision (an "incorporated provision") required by or deemed to be included in this Indenture by operation of such Trust Indenture Act section, such imposed duties or incorporated provision shall control.

Section 13.11 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, or Stated Maturity or Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities or the Subsidiary Guarantee) payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or at the Stated Maturity or Maturity; provided, however, that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Stated Maturity or Maturity, as the case may be.

Section 13.12 No Recourse Against Others.

A director, officer, employee, stockholder, incorporator or Affiliate, as such, past, present or future, of the Company or any Subsidiary Guarantor shall not have any personal liability under the Securities or this Indenture by reason of his or its status as a director, officer, employee, stockholder, incorporator or Affiliate or any liability for any obligations of the Company or any Subsidiary Guarantor under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder, by accepting any of the Securities, waives and releases all such liability to the extent permitted by applicable law.

Section 13.13 Duplicate Originals.

The parties may sign any number of copies or counterparts of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 13.14 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the day and year first above written.

ISSUER:

COMSTOCK RESOURCES, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison

Title: Chairman of the Board, President
and Chief Executive Officer

SUBSIDIARY GUARANTORS:

COMSTOCK OIL & GAS, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison

Title: Chairman of the Board, President
and Chief Executive Officer

COMSTOCK OIL & GAS-LOUISIANA, INC.

By: /s/ M. JAY ALLISON

Name: M. Jay Allison

Title: Chairman of the Board, President
and Chief Executive Officer

COMSTOCK OFFSHORE, LLC

By: /s/ M. JAY ALLISON

Name: M. Jay Allison

Title: Chairman of the Board, President
and Chief Executive Officer

TRUSTEE:

U.S. TRUST COMPANY OF TEXAS, N.A.

By: /s/ MELISSA SCOTT

Name: Melissa Scott

Title: Vice President