

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):

JULY 31, 1996

NOBLE AFFILIATES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-7062 (Commission File Number)	73-0785597 (IRS Employer Identification No.)
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110 West Broadway, Ardmore, Oklahoma (Address of principal executive offices)	73401 (Zip Code)
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Registrant's telephone number, including area code:

(405) 223-4110

Item 2. ACQUISITION OR DISPOSITION OF ASSETS.

On July 31, 1996, Samedan Oil Corporation ("Samedan"), a Delaware corporation and a wholly owned subsidiary of Noble Affiliates, Inc. (the "Company"), acquired all the outstanding common stock of Energy Development Corporation, a New Jersey corporation ("EDC"), pursuant to the terms of a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of July 1, 1996 between Samedan and Enterprise Diversified Holdings Incorporated ("EDHI"), a New Jersey corporation and the sole stockholder of EDC.

EDC is a large independent gas and oil exploration and production company headquartered in the United States. EDC has grown substantially since 1988, primarily through strategic acquisitions and the exploitation of its acquired properties.

The purchase price paid by Samedan at closing as determined under the Stock Purchase Agreement was approximately \$768,000,000 in cash. As previously disclosed by the Company in a press release, the Company's personnel have evaluated and estimated the proved reserves of EDC, as of January 1, 1996, at approximately 37.7 million barrels of oil and 454.5 billion cubic feet of gas. Current daily production levels of EDC's properties are approximately 11,000 barrels of oil and 211 million cubic feet of gas. EDC's major properties are located in the Gulf of Mexico, onshore gulf coast of Louisiana and Texas, and internationally in Argentina and the United Kingdom Sector of the North Sea. In determining the amount of consideration to be paid for the stock of EDC, the Company conducted a due diligence review of EDC and its subsidiaries and their assets and

liabilities, including, without limitation, their holdings of proved reserves of oil and gas. The purchase price was the result of arm's-length negotiations with EDHI.

In connection with the acquisition, the Company entered into a new \$800,000,000 bank credit facility pursuant to a Credit Agreement (the "Credit Agreement") (the terms of which are further described below) dated as of July 31, 1996 among the Company, as borrower, certain commercial lending institutions which are or may become a party thereto, as lenders (the "Lenders"), and Union Bank of Switzerland, Houston Agency, as agent (the "Agent") for the Lenders. The borrowings of \$800,000,000 under the Credit Agreement were used to fund the purchase price for EDC and, together with funds on hand, to repay \$48,000,000 of outstanding indebtedness under the Company's then existing credit agreement (the "old credit agreement") with certain banks. The Company's old credit agreement was cancelled in connection with the repayment.

The Credit Agreement provides for a \$400,000,000 term loan, which has certain scheduled prepayments and a final maturity of July 31, 2001, and a \$400,000,000 revolving credit facility with a final maturity of July 31, 2001. Borrowings under the Credit Agreement bear interest at a fluctuating rate based on the Agent's base rate, or, at the Company's option, at a fixed rate of interest for selected interest periods based upon a variable margin over the Agent's Eurodollar rate.

The Credit Agreement contains covenants which limit, among other things, the creation of liens on the assets of the Company and its subsidiaries, the incurrence of additional indebtedness by the Company's subsidiaries, certain mergers and acquisition of assets and certain

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transactions with affiliates. The Credit Agreement also restricts, during a period of default under the Credit Agreement, the payment of dividends and other distributions in respect of the capital stock of the Company. The Credit Agreement also contains certain financial covenants relating to the consolidated financial condition of the Company and its subsidiaries, including covenants relating to the ratio of its earnings to its interest expense and the ratio of its indebtedness to its total capitalization.

The Credit Agreement specifies a number of events of default including, among others, the failure to make timely payments of principal, fees and interest, the failure of representations and warranties to be true, the failure to perform the covenants contained therein, the occurrence of a "change of control" (as defined in the Credit Agreement to include, among other things, the ownership by any person or group of more than thirty percent (30%) of the outstanding shares of voting stock of the Company) and the termination or other impairment of any guaranty of the Company's indebtedness under the Credit Agreement. The Credit Agreement also contains a cross-default to other indebtedness of the Company aggregating more than \$25,000,000 and certain customary bankruptcy, insolvency and similar defaults.

The Credit Agreement generally permits the Company to prepay at its option, in whole or in part and without premium or penalty, the indebtedness under the Credit Agreement.

Pursuant to the terms of the Credit Agreement, the Company generally must make mandatory prepayments on the term loan in amounts equal to (i) the net cash proceeds in excess of \$1,000,000 in the aggregate in any calendar year from the sale of any of the Company's or its subsidiaries' oil and gas assets or properties, (ii) the net cash proceeds from the issuance by the Company or any of its subsidiaries of any common stock or preferred stock (other than stock issued by a subsidiary of the Company to the Company or another subsidiary of the Company or issuances of stock to officers, directors or employees pursuant to a stock option plan or otherwise) and (iii) the net cash proceeds from any additional indebtedness incurred by the Company to the extent that the proceeds of such additional indebtedness is not used to refinance or repay any indebtedness in existence prior to the date of the Credit Agreement.

Additionally, the Credit Agreement provides that the Company shall prepay \$50,000,000 of principal under the term loan on each of December 31, 1996, June 30, 1997 and December 31, 1997. In the event, however, that on or

before December 31, 1996 the holders of at least \$200,000,000 in principal amount of the Company's 4 1/4% Convertible Subordinated Notes due 2003 convert their notes into common stock of the Company, then the date of each of the mandatory prepayments described above in this paragraph will be extended by six months. The amounts of the mandatory prepayments described above in this paragraph are subject to reduction by the amount of any prepayments made prior to the respective prepayment dates as a result of any voluntary prepayments or mandatory prepayments resulting from sales of stock.

Samedan and EDC have guaranteed all of the Company's obligations under the Credit Agreement pursuant to guaranty agreements given in favor of the Lenders. A form of the guaranty agreement is attached as an exhibit to the Credit Agreement.

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The foregoing statements are subject to the detailed provisions of the Stock Purchase Agreement and the Credit Agreement and are qualified in their entirety by reference to the Stock Purchase Agreement and the Credit Agreement, copies of which are filed as exhibits to this report.

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this report, including, without limitation, statements regarding estimates of proved reserves of oil and gas, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain risks and uncertainties inherent in the Company's business are set forth in other filings of the Company with the Securities and Exchange Commission.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

It is impracticable to provide at this time the financial statements required by Item 7(a) of Form 8-K. Pursuant to Item 7(a)(4) of Form 8-K, such financial statements will be filed as soon as they are available and on or before October 14, 1996.

(b) PRO FORMA FINANCIAL INFORMATION.

It is impracticable to provide at this time the pro forma financial information required by Item 7(b) of Form 8-K. Pursuant to Item 7(b)(2) of Form 8-K, such pro forma financial information will be filed as soon as it is available and on or before October 14, 1996.

(c) EXHIBITS.

Exhibit 2.1 - Stock Purchase Agreement dated as of July 1, 1996 between Samedan Oil Corporation and Enterprise Diversified Holdings Incorporated. (The Exhibits and Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish to the Commission a copy of any omitted Exhibit or Schedule upon request.)

Exhibit 10.1 - Credit Agreement dated as of July 31, 1996 among the Company, as borrower, certain commercial lending institutions which are or may become a party thereto, as lenders, and Union Bank of Switzerland, Houston Agency, as agent for the lenders.

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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.

Date: August 13, 1996

NOBLE AFFILIATES, INC.

By: /s/ WILLIAM D. DICKSON

William D. Dickson,
Vice President-Finance and Treasurer

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STOCK PURCHASE AGREEMENT

dated as of July 1, 1996

between

ENTERPRISE DIVERSIFIED
HOLDINGS INCORPORATED

and

SAMEDAN OIL CORPORATION

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STOCK PURCHASE AGREEMENT, dated as of July 1, 1996, between ENTERPRISE DIVERSIFIED HOLDINGS INCORPORATED, a New Jersey corporation (the "Seller"), and SAMEDAN OIL CORPORATION, a Delaware corporation (the "Purchaser").

W I T N E S S E T H :

WHEREAS, the Seller owns all the issued and outstanding shares of common stock, without par value (the "SHARES"), of Energy Development Corporation, a New Jersey corporation (the "COMPANY"); and

WHEREAS, the Seller wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Seller, the Shares, upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants hereinafter set forth, the Purchaser and the Seller hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. CERTAIN DEFINED TERMS. As used in this Agreement, the following terms have the following meanings:

"ACTION" means any claim, action, suit, arbitration or proceeding by or before any Governmental Authority or arbitrator.

"AFFILIATE" means, when used with respect to a specified Person, another Person that, either directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified.

"AGREEMENT" means this Stock Purchase Agreement, dated as of July 1, 1996, between the Seller and the Purchaser (including the Disclosure Schedule, the Property Schedule and the Allocation Schedule) and all amendments hereto made in accordance with Section 10.09.

"ALLOCATION SCHEDULE" means the schedule agreed to by the parties which sets forth the allocated value of the Properties listed on the Allocation Schedule.

"BEST EFFORTS" means a party's best efforts in accordance with reasonable commercial practice and without the incurrence of unreasonable expense.

"BOOKS AND RECORDS" means all books of account and other financial records pertaining to the Company and the Subsidiaries.

"BUSINESS" means the business of oil and gas exploration, development, production and marketing, as conducted as of the date of this Agreement by the Company and the Subsidiaries.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in The City of New York.

"CONFIDENTIALITY AGREEMENT" means the letter agreement dated as of February 16, 1996 between the Company and the Purchaser.

"DEFENSIBLE TITLE" means, as of the date set forth in the Property Schedule and as to each Minor Property, such title that:

(i) Is defensible by the Company or the Subsidiaries, as applicable, against any claim of superior title by any other Person; and

(ii) Entitles the Company or the Subsidiaries, as applicable, to receive not less than the percentage Net Revenue Interest for such Minor Property as described in the Property Schedule as the "Net Revenue Interest" with respect to such Minor Property; and

(iii) Obligates the Company or the Subsidiaries, as applicable, to pay costs and expenses relating to such Minor Property in an amount not greater than the percentage Working Interest as described in the Property Schedule as the "Working Interest" with respect to such Minor Property; and

(iv) Except for Permitted Encumbrances, is free and clear of any Encumbrance.

"DISCLOSURE SCHEDULE" means the Disclosure Schedule delivered to the Purchaser by the Seller pursuant to this Agreement.

"ECUADOR AGREEMENT" means an agreement and related work program substantially as set forth in Exhibit B which may be entered into between the Company and Petroecuador whereby the Company has been granted exploration, production and commercial rights with respect to hydrocarbons in Block III.

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"ENCUMBRANCE" means any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, or other encumbrance of any kind.

"ENVIRONMENTAL LAW" means any applicable Law relating to public health and safety or protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"GAAP" means United States generally accepted accounting principles in effect from time to time applied consistently throughout the period involved.

"GOVERNMENTAL AUTHORITY" means any government, any governmental entity, department, commission, board, agency or instrumentality, and any court, tribunal, or judicial or arbitral, body, whether federal, state, local or foreign.

"GOVERNMENTAL ORDER" means any order, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"INTELLECTUAL PROPERTY RIGHTS" means all (i) registrations of trademarks, service marks, logos, corporate names, trade names or other trade rights of the Company or any Subsidiary, (ii) pending applications by the Company or any Subsidiary for any such registrations, (iii) rights in or to patents and copyrights and pending applications therefor of the Company or any Subsidiary, (iv) rights of the Company or any Subsidiary in, to or under all, software, databases, geological data, geophysical data, engineering data, maps, interpretations and other technical information (including rights under leases and joint operating agreements pertaining to geological, geophysical and technical information) used in the Business and (v) the Company's and each Subsidiary's rights to other trademarks, service marks, logos, corporate names, trade names and other trade rights and all other trade secrets, designs, plans, specifications, technology, know-how, methods, designs, concepts and other proprietary rights, whether or not registered.

"INTERCOMPANY ACCOUNTS" mean all Intercompany Receivables and all Intercompany Payables, including, without limitation, all intercompany notes receivable, intercompany notes payable, intercompany accounts receivable and intercompany accounts payable.

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"INTERCOMPANY PAYABLES" means all amounts owed by the Company or the Subsidiaries to the Seller or any of its Affiliates (other than the Company or any Subsidiary), including, without limitation, all intercompany notes payable (whether short or long term) and intercompany accounts payable.

"INTERCOMPANY RECEIVABLES" means all amounts due from the Seller or any of its Affiliates (other than the Company or any Subsidiary) to the Company or any Subsidiary, including, without limitation, all intercompany notes receivable (whether short or long term) and intercompany accounts receivable.

"INTERIM PERIOD" means the period beginning on the Effective Date and ending on the Closing Date.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended.

"IRS" means the United States Internal Revenue Service.

"KNOWLEDGE" or "KNOWN" means, with respect to any matter in question, if any of the officers or other management employees of the Seller or the Purchaser, as the case may be, who have authority over such matters has actual knowledge of such matter following reasonable inquiry.

"LAW" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order or rule of common law.

"LIABILITIES" means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable.

"LICENSES" means all of the licenses, permits, franchises and other governmental authorizations required for the operation of the Business.

"LOSSES" of a Person means any and all losses, liabilities, damages, claims, awards, judgments, costs and expenses (including, without limitation, reasonable attorney's fees) actually suffered or incurred by such Person.

"MAJOR PROPERTIES" means those Properties included in the largest wells, units or fields, as applicable, measured by the estimated future net revenues attributable to the proved reserves for such wells, units or fields, which comprise approximately 80% of the estimated future net revenues from the Properties, which Major Properties are listed on Part I of the Property Schedule.

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"MARKETABLE TITLE" means, as of the date set forth in the Property Schedule and as to each Major Property, such title that:

(i) Is deducible of record (either, in the case of state leases, from the records of the applicable county or parish or other applicable state land office, in the case of federal leases, from the records of the applicable office of the Bureau of Land Management or Minerals Management Service, as applicable, in the case of Indian leases, from the applicable office of the Bureau of Indian Affairs, and, in the case of foreign interests, from the records of the appropriate foreign agency) and free from reasonable doubt to the end that a willing buyer engaged in the business of the ownership, development and operation of the producing oil and gas properties with knowledge of all of the facts and their legal bearing would be willing to accept the same; and

(ii) Entitles the Company or the Subsidiaries, as applicable, to receive not less than the percentage Net Revenue Interest for such Major Property as described in the Property Schedule as the "Net Revenue Interest" with respect to such Major Property; and

(iii) Obligates the Company or the Subsidiaries, as applicable, to pay costs and expenses relating to such Major Property in an amount not greater than the percentage Working Interest as described in the Property Schedule with respect to such Major Property; and

(iv) Except for Permitted Encumbrances, is free and clear of any Encumbrances.

"MATERIAL ADVERSE EFFECT" means any change or effect that is materially adverse to the consolidated results of operations or the consolidated financial condition of the Company and the Subsidiaries, taken as a whole, except for any such changes or effects resulting from (i) changes in general economic, regulatory or political conditions or changes that affect the oil and gas industry in general and (ii) the announcement of the transactions contemplated hereby or the performance of the covenants set forth in Article V hereof.

"MINOR PROPERTIES" means the Properties listed on Part II of the Property Schedule.

"NET REVENUE INTEREST" means the interest percentage of the Company and/or any Subsidiary, as applicable, in and to all oil, gas and liquid hydrocarbons produced, saved and marketed from the applicable well or unit, after taking into account any applicable net profits interest, production payment, reversionary interest or similar interest.

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"1995 BALANCE SHEET" means the audited consolidated balance sheet of the Company and the Subsidiaries as of December 31, 1995, together with the notes thereon.

"1995 FINANCIAL STATEMENTS" means the 1995 Balance Sheet and the audited consolidated statements of income and retained earnings of the Company and the Subsidiaries for the 12-month period ended on the 1995 Balance Sheet Date, together with the notes thereon.

"PERMITTED ENCUMBRANCES" means (i) Encumbrances for inchoate mechanics' and materialmen's liens for construction in progress and workmen's, repairmen's, warehousemen's and carriers' liens arising in the ordinary course of the Business, (ii) requirements for consent to assignment and other encumbrances of a similar nature which are part of contracts customarily used in the oil and gas industry, (iii) Encumbrances for Taxes not yet payable and for Taxes being contested in good faith for which appropriate reserves are reflected in the 1995 Financial Statements, (iv) Encumbrances and imperfections of title, including servitudes, permits, surface leases and other rights in respect to surface operations, pipelines, grazing, logging, canals, ditches, reservoirs or the like; conditions, covenants or other restrictions; easements for streets, alleys, highways, pipelines, power lines, telephone lines and railways, and other assessments and rights-of-way, and all other liens, in each case listed in this subsection (iv) that (A) do not arise in connection with or secure indebtedness for money borrowed or owed or the extension of credit, (B) do not materially detract from the value of the Property subject thereto or affected thereby or otherwise materially impair the Property or operations being conducted thereon or therewith, so a reasonably prudent operator engaged in the oil and gas industry with knowledge of the facts and circumstances and the legal effect thereon would accept title to such Property subject to such detractions, interferences or impairments or (C) do not reduce the percentage Net Revenue Interest or increase the percentage Working Interest shown for the affected Property on the Property Schedule, and (v) any other Encumbrances to the extent expressly set forth on the Disclosure Schedule.

"PERSON" means any individual, partnership, firm, corporation, association, trust, limited liability company, unincorporated organization, a Governmental Authority or other entity, as well as any syndicate or group

that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

"PROPERTIES" mean the Company's and the Subsidiaries' interests in oil and gas leases, mineral rights, fee rights, licenses and concessions and other tangible assets and properties relating to the operation of the Business.

"PROPERTY SCHEDULE" means the Property Schedule attached to this Agreement.

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"RETURN" means any report, return, declaration or other filing (including schedules attached thereto) required to be supplied to any taxing authority or jurisdiction with respect to Taxes including any amendments thereto.

"SAFE HARBOR LEASES" are those agreements identified in Section 6.08 of the Disclosure Schedule, between The Louisiana Land and Exploration Company, a Maryland corporation ("LL&E"), Inexco Oil Company, a Delaware corporation ("INEXCO"), or Wilson Brothers Drilling Company, a Delaware corporation ("WILSON"), as Lessee, and another qualified person, as Lessor, entered into prior to January 1, 1984, and relating to a transfer of federal income tax benefits pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954, as amended.

"SUBSIDIARIES" means those corporations and partnerships identified on Section 3.04(a) of the Disclosure Schedule (each of which is individually referred to as a "SUBSIDIARY") which consist of those corporations and partnerships (or equivalent legal entity under foreign law) of which the Company owns directly or indirectly more than 50% of the stock, the holders of which are ordinarily and generally, in the absence of contingencies or understandings, entitled to vote for the election of directors and any partnership (or equivalent legal entity under foreign law) in which the Company owns directly or indirectly more than a 50% interest.

"TAX" or "TAXES" means all income, gross receipts, sales, use, employment, franchise, profits, property, stamp or other taxes, fees, duties, assessments or charges of any kind whatsoever (whether payable directly or by withholding), together with any interest and any penalties, additions to tax or additional amounts imposed by any domestic or foreign taxing authority with respect thereto.

"TAX LESSOR" is each of the parties identified as Lessor in the Safe Harbor Leases.

"WORKING INTEREST" means the interest percentage of the costs and expenses relating to operations on and development of the applicable well or unit that the Company and/or any Subsidiary, as applicable, is obligated to bear.

SECTION 1.02. OTHER DEFINED TERMS. The following terms have the meanings defined for such terms in the Sections set forth below:

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ARTICLE II

PURCHASE AND SALE

SECTION 2.01. PURCHASE AND SALE. Upon the terms and subject to the conditions set forth in this Agreement, the Seller agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Seller, the Shares.

SECTION 2.02. PURCHASE PRICE. The aggregate purchase price for the Shares shall be the sum of (i) \$775 million in cash plus (ii) \$4 million in cash if the Company enters into the Ecuador Agreement prior to the Closing, subject to adjustment as provided in Section 2.03 (as adjusted, the "PURCHASE PRICE"). The Purchase Price shall be payable as provided in Section 2.04(c).

SECTION 2.03. PURCHASE PRICE ADJUSTMENTS. (a) The Purchaser and the Seller agree that for purposes of determining the Purchase Price, all Intercompany Accounts as shown on the 1995 Balance Sheet shall be deemed forgiven and charged or credited to capital as of January 1, 1996 (the "EFFECTIVE DATE"). On the Closing Date, the Seller and the Company shall execute and deliver such agreements and instruments as may be necessary or appropriate to satisfy the Purchaser that all Intercompany Accounts existing immediately prior to the Closing have been forgiven and charged or credited, as appropriate, to capital.

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(b) The Purchaser and the Seller agree to adjust the Purchase Price in the following manner:

(i) The Purchase Price shall be decreased (or increased), as applicable, by an amount equal to the net increase (or decrease) in Intercompany Receivables during the Interim Period.

(ii) The Purchase Price shall be increased (or decreased), as applicable, by an amount equal to the net increase (or decrease) in Intercompany Payables during the Interim Period.

(iii) The Purchase Price shall be decreased by the aggregate amount of all dividends and the aggregate fair market value of other distributions of property made by the Company during the Interim Period to the extent such other distributions are effected at less than fair market value.

(iv) The Purchase Price shall be increased for payments in respect of Taxes made by the Seller to the Company or its Subsidiaries during the Interim Period, and shall be decreased for payments in respect of Taxes made by the Company or its Subsidiaries to the Seller during the Interim Period. Notwithstanding Section 2.03(b)(i)-(ii), no adjustment to the Purchase Price shall be made to reflect changes to the Intercompany Accounts for Taxes in respect of periods after December 31, 1995.

(c) The Seller shall deliver to the Purchaser at least five Business Days prior to Closing a statement as of the end of the month preceding the month in which the Closing Date occurs setting forth (A) a preliminary estimate of each adjustment amount to the Purchase Price in accordance with SECTION 2.03(b)(i) THROUGH (iv) and (B) the activity in the Intercompany Accounts during the month of Closing. If the parties are in dispute with respect to any portion of an adjustment amount to be made to the Purchase Price at the time of Closing, then no adjustment to the Purchase Price shall be made at Closing related to the disputed portion of the adjustment amount, and the disputed portion of the adjustment shall be deferred for further consideration in connection with the post-Closing adjustment referred to in Section 2.03(d).

(d) Within 60 days after the Closing, the Seller shall prepare, in accordance with this Agreement, and provide to the Purchaser a statement (the "FINAL SETTLEMENT STATEMENT") setting forth each Purchase Price adjustment to be made pursuant to SECTION 2.03(b)(i) THROUGH (iv), including any revisions to the Purchase Price adjustments made at Closing, and showing the calculation of each such Purchase Price adjustment. Within 30 days after receipt of the Final Settlement Statement, the Purchaser shall deliver to

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the Seller a written report containing any changes which the Purchaser proposes be made to the Final Settlement Statement. The parties shall undertake to agree with respect to the Final Settlement Statement no later than 120 days after the Closing Date. In the event of any dispute with respect to the Final Settlement Statement, the parties shall jointly retain Price Waterhouse, or if such firm is not available or declines to so serve, another independent accounting firm acceptable to both the Seller and the Purchaser to settle such dispute. Such firm shall be instructed to calculate the Purchase Price adjustments in accordance with this Agreement as soon as practicable and in any event within 30 days after its engagement by the parties. Such firm's determination shall be final and conclusive and binding upon the parties. The date upon which such agreement is reached or upon which the adjusted Purchase Price is established shall herein be referred to as the "FINAL SETTLEMENT DATE". If (i) the adjusted Purchase Price determined in accordance with this Section 2.03(d) is more than the adjusted Purchase Price paid to the Seller at Closing, then the Purchaser shall pay to the Seller in immediately available funds the amount of such difference, or (ii) the adjusted Purchase Price determined in accordance with this Section 2.03(d) is less than adjusted Purchase Price paid to the Seller at Closing, then the Seller shall pay to the Purchaser in immediately available funds the amount of such difference. Payment by the Seller or the Purchaser shall be made within five days after the Final Settlement Date.

SECTION 2.04. CLOSING. (a) Subject to the terms and conditions of this Agreement, the sale and purchase of the Shares contemplated hereby shall take place at a closing (the "CLOSING") to be held at 11:00 a.m., Houston time, on the later to occur of (a) July 31, 1996 or (b) the third Business Day following the later to occur of (i) the expiration or termination of the applicable waiting periods under the HSR Act and (ii) the

satisfaction or waiver of all other conditions to the obligations of the parties set forth in Article VII, at the offices of the Company, 1000 Louisiana Street, Suite 2900, Houston, Texas, or at such other time or on such other date or at such other place as the Seller and the Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

(b) At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser: (i) stock certificates evidencing the Shares duly endorsed in blank or accompanied by stock powers duly executed in blank; (ii) the certificate required to be delivered pursuant to Section 7.02; (iii) the written resignations of such directors and officers of the Company and the Subsidiaries as the Purchaser shall, at least ten (10) days prior to the Closing Date, specify in writing to the Seller, such resignations to be effective at the Closing Date; (iv) a copy of the resolutions of the Board of Directors of the Seller authorizing the execution, delivery and performance by the Seller of this Agreement, certified by the Secretary or an Assistant Secretary of the Seller; (v) certificates from appropriate officials certifying as to the corporate existence and good standing of the Seller, the Company and its

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Subsidiaries; and (vi) opinions of counsel for the Seller and the Company, respectively, addressed to the Purchaser and together covering the matters set forth in Exhibit A.

(c) At the Closing, the Purchaser shall deliver to the Seller: (i) the Purchase Price, by wire transfer in immediately available funds, to an account or accounts designated at least two Business Days prior to the Closing Date by the Seller in a written notice to the Purchaser; and (ii) the certificate required to be delivered pursuant to Section 7.01.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Purchaser as set forth in this Article III. The representations and warranties in this Article III are deemed to be material and the Purchaser is entering into this Agreement relying on such representations and warranties.

SECTION 3.01. INCORPORATION AND AUTHORITY OF THE SELLER. The Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New Jersey and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Seller, the performance by the Seller of its obligations hereunder and the consummation by the Seller of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Seller. This Agreement has been duly executed and delivered by the Seller, and (assuming due authorization, execution and delivery by the Purchaser) this Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms.

SECTION 3.02. INCORPORATION AND QUALIFICATION OF THE COMPANY AND THE SUBSIDIARIES; CAPITAL STOCK OF THE SUBSIDIARIES. (a) The Company and each Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the requisite power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on that portion of the Business as currently conducted by the Company or such Subsidiary in all material respects. No actions or proceedings to dissolve the Company or any Subsidiary are pending. The Company and each Subsidiary is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties

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owned, operated or leased or the nature of its activities makes such qualification necessary, except for such failures which, when taken together with all other such failures, would not have a Material Adverse Effect. True

and complete copies of the Company's and each Subsidiary's certificate of incorporation and bylaws (or equivalent organization documents), each of the foregoing as amended to the date of this Agreement, stock records and minutes of all meetings of the respective boards of directors, any committees of such boards and stockholders (and all consents in lieu of such meetings) have been made available for review by the Purchaser.

(b) The Company has no subsidiaries, equity investments or joint ventures except those Subsidiaries, equity investments or joint ventures which are identified in Section 3.02(b) of the Disclosure Schedule. No proceedings are pending relating to the dissolution or liquidation of any subsidiary (direct or indirect) of the Company or other entity owned (directly or indirectly) by the Company.

(c) Section 3.02(c) of the Disclosure Schedule sets forth the jurisdiction of incorporation of each Subsidiary, its authorized capital stock and the number and type of its issued and outstanding shares of capital stock (collectively, the "SUBSIDIARY SHARES"). The Subsidiary Shares constitute all the issued and outstanding shares of capital stock of the respective Subsidiaries. The Subsidiary Shares have been duly authorized and validly issued and are fully paid and nonassessable and were not issued in violation of any pre-emptive or similar rights. There are no outstanding (i) options, warrants or rights of conversion or exchange or other rights, agreements, arrangements or commitments relating to the capital stock of any Subsidiary obligating any Subsidiary to issue or sell any of its shares of capital stock or any securities of such Subsidiary convertible into or exchangeable for such capital stock or (ii) equity equivalents, interests in the ownership or earnings or other similar rights of or with respect to any Subsidiary. The Company owns the Subsidiary Shares issued by the respective Subsidiaries, free and clear of all Encumbrances, except as set forth on Section 3.02(c) of the Disclosure Schedule.

SECTION 3.03. CAPITAL STOCK OF THE COMPANY. The Shares constitute all the issued and outstanding shares of capital stock of the Company. The Shares have been duly authorized and validly issued and are fully paid and non-assessable and were not issued in violation of any preemptive or similar rights. There are no outstanding (i) options, warrants or rights of conversion or exchange or other rights, agreements, arrangements or commitments relating to the capital stock of the Company obligating the Company to issue, sell, repurchase, redeem or otherwise acquire any of its shares of capital stock or any securities of the Company convertible into or exchangeable for such capital stock or (ii) equity equivalents, interests in the ownership or earnings or other similar rights of or with respect to the Company. The Seller is the record and beneficial owner of the Shares,

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free and clear of all Encumbrances, except as set forth on Section 3.03 of the Disclosure Schedule, and except as a result of the Seller's obligation to transfer the Shares to the Purchaser pursuant to this Agreement and any restriction on transfer to others arising out of this Agreement. On the Closing Date, Seller will transfer and deliver to Buyer valid title to all the Shares, free and clear of all Encumbrances.

SECTION 3.04. NO CONFLICT. Assuming all consents, approvals, authorizations and other actions described in Section 3.10 have been obtained and all filings and notifications listed in Section 3.10 of the Disclosure Schedule have been made, and except as may result from any facts or circumstances relating solely to the Purchaser or as described in Section 3.04 of the Disclosure Schedule, the execution, delivery and performance of this Agreement by the Seller and the consummation of the transactions contemplated hereby do not and will not (a) violate or conflict with the Certificate of Incorporation or By-laws of the Seller, (b) conflict with or violate any Law or Governmental Order applicable to the Seller, the Company or any Subsidiary, except as would not, individually or in the aggregate, have a Material Adverse Effect or (c) result in any breach of, or constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Company or any Subsidiary pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument relating to such assets or properties to which the Seller, the Company or any Subsidiary

is a party or by which any of such assets or properties is bound or affected, except as would not, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.05. FINANCIAL STATEMENTS. The Seller has caused to be prepared and delivered to the Purchaser accurate and complete copies of (i) the Company's audited consolidated balance sheets as of December 31, 1994 and 1995 as included in the Company's Registration Statement on Form S-1 (No. 33-2326), and the related audited consolidated statements of income, stockholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995, and the notes and schedules thereto, together with the unqualified report thereon of Deloitte & Touche LLP, independent public accountants (the "AUDITED FINANCIAL STATEMENTS"), and (ii) the Company's unaudited consolidated balance sheet as of March 31, 1996 (the "Latest Balance Sheet"), and the related unaudited consolidated statements of income, stockholders' equity and cash flows for the three-month period then ended (the "Unaudited Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements"), certified by the Company's chief financial officer. The Financial Statements (i) have been prepared in accordance with GAAP, the Company's book and records and Regulation S-X promulgated under the Securities Act of 1933 applied on a basis consistent with preceding years throughout the periods involved, except that the

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Unaudited Financial Statements are not accompanied by notes or other textual disclosure required by generally accepted accounting principles, and (ii) fairly present in all material respects the Company's consolidated financial position as of the respective dates thereof and its consolidated results of operations and cash flows for the respective periods then ended, except that the Unaudited Financial Statements are subject to normal year-end adjustments, and except in each case for changes that may be necessary or appropriate in connection with the reserve data referred to in Section 4.08.

SECTION 3.06. LABOR MATTERS . Neither the Company nor any Subsidiary (i) is a party to any labor agreement with respect to its employees with any labor organization, group or association, (ii) has any employees represented by any labor organization, collective bargaining representative or group of employees, (iii) has been the subject of any representational campaign by any union or other organization or group seeking to become the collective bargaining representative of any of its employees or been subject to or, to the knowledge of the Company, threatened with any strike or other concerted labor activity or dispute or (iv) is obligated to bargain collectively with respect to wages, hours and other terms and conditions of employment with any recognized or certified labor organization, collective bargaining representative or group of employees. Except as set forth in Section 3.06 of the Disclosure Schedule or where the failure to comply would not, individually or in the aggregate, have a Material Adverse Effect, the Company and each Subsidiary is in compliance with all applicable Laws respecting employment practices, terms and conditions of employment and wages and hours. Except as set forth in Section 3.06 of the Disclosure Schedule or as would not, individually or in the aggregate, have a Material Adverse Effect, as of the date of this Agreement, (a) there is no unfair labor practice charge or complaint against the Company or any Subsidiary pending or, to the knowledge of Seller, threatened before the National Labor Relations Board or any comparable domestic or foreign agency and (b) there is no labor strike, labor disturbance or work stoppage pending or, to the knowledge of Seller, threatened against the Company or any Subsidiary.

SECTION 3.07. ABSENCE OF UNDISCLOSED LIABILITIES. As of the Closing Date, to the knowledge of the Seller there shall be no Liabilities of the Company or any Subsidiary, except Liabilities (i) set forth in Section 3.07 of the Disclosure Schedule, (ii) as, and to the extent, reflected or reserved against in the 1995 Financial Statements, (iii) fully covered by insurance (except for deductible amounts as listed in Section 3.14 of the Disclosure Schedule), (iv) with respect to the matters addressed in Section 3.15 and Article VI (which shall be governed solely by the terms of such Section 3.15 and Article VI), (v) incurred in the ordinary course of business after the date hereof and prior to the Closing Date (none of which is a liability for breach of contract, tort or infringement of intellectual property), or (vi) which would not, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.08. ABSENCE OF LITIGATION. Except as set forth in Section 3.08 of the Disclosure Schedule, as of the date of this Agreement (a) there are no Actions pending or, to the knowledge of Seller, threatened against the Seller, the Company or any Subsidiary or any of the assets or properties of the Company or any Subsidiary that, individually or in the aggregate, would have a Material Adverse Effect or would prevent the Seller from consummating the transactions contemplated hereby and (b) the Company, the Subsidiaries and their respective assets and properties are not subject to any Governmental Order that has or is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.09. COMPLIANCE WITH LAWS. The Company, the Subsidiaries, the conduct of the Business and the operation of the properties of the Company and the Subsidiaries are in compliance with all applicable Laws and Governmental Orders (excluding Environmental Laws, as to which the Seller's sole representations or warranties are set forth in Section 3.18, but including, without limitation, the Foreign Corrupt Practices Act), except (a) as set forth on Section 3.09 of the Disclosure Schedule or (b) where the failure to comply would not have, individually or in the aggregate, a Material Adverse Effect (provided that such materiality standard shall not be applicable to any failure to comply with the Foreign Corrupt Practices Act). Neither the Seller, the Company, any Subsidiary nor, to the knowledge of the Seller, any third party operator of any of the Properties has received any written notice to the effect that any of them are not in compliance with any applicable Laws and Governmental Orders except (i) as set forth on Section 3.09 of the Disclosure Schedule or (ii) where the failure to comply would not have, individually or in the aggregate, a Material Adverse Effect. No oil or gas well in which the Company or any Subsidiary holds an interest is presently, or may in the future become, subject to restraints under applicable Laws and Governmental Orders on the production otherwise producible therefrom as a result of such well having previously (prior to the date hereof) produced in excess of its authorized or allowable rate of production.

SECTION 3.10. CONSENTS, APPROVALS, LICENSES, ETC. No consent, approval, authorization, license, order or permit of, or declaration, filing or registration with, or notification to, any Governmental Authority, or any other Person or entity, is required to be made or obtained by the Seller, the Company, the Subsidiaries or any of their respective Affiliates in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, except: (a) as set forth on Section 3.10 of the Disclosure Schedule; (b) applicable requirements, if any, of the New Jersey Business Corporation Act and the HSR Act; (c) where the failure to obtain such consents, approvals, authorizations, licenses, orders or permits of, or to make such declarations, filings or registrations or notifications, either individually or in the aggregate, (i) would not prevent the Seller from performing its obligations under this Agreement and (ii) would have a Material Adverse Effect and (d) as may be necessary as a result of any facts or

circumstances relating solely to the Purchaser. The Company, the Subsidiaries and, to the knowledge of the Company, all third party operators of any of the Properties hold all Licenses necessary or required for the conduct of the Business. As of the date of this Agreement, all of such Licenses are in full force and effect and the Company, the respective Subsidiary or, to the knowledge of the Seller, each such third party operator is in compliance with each such License, except as would not have, individually or in the aggregate, a Material Adverse Effect. No notice has been issued by any Governmental Authority and no Action is pending or, to the knowledge of the Seller, threatened with respect to any alleged failure by the Company, any Subsidiary or, to the knowledge of the Seller, any third party operator of any of the Properties to have any such License revoked or not to be in compliance therewith. To the knowledge of the Seller, no event has occurred and is continuing which permits, or after notice or lapse of time or both would permit, any modification or termination of any such License. Except as set forth in Section 3.10 of the Disclosure Schedule, no Property is subject to a preferential right to purchase that is applicable to the transactions contemplated by this Agreement.

SECTION 3.11. PERSONAL PROPERTY; BANK ACCOUNTS. (a) Except as

disclosed in Section 3.11(a) of the Disclosure Schedule or as would not, individually or in the aggregate, have a Material Adverse Effect: (i) the Company and the Subsidiaries collectively own, have a valid leasehold interest in or have the legal right to use all of the tangible personal property necessary to carry on the Business, free and clear of all Encumbrances, except Permitted Encumbrances and Encumbrances reflected on the 1995 Financial Statements; and (ii) the Company and the Subsidiaries collectively own or have a valid license or sublicense to use all Intellectual Property Rights that are necessary to carry on the Business, free and clear of all Encumbrances, except Permitted Encumbrances.

(b) Section 3.11(b) of the Disclosure Schedule is a true and complete list of (i) the names of each bank, savings and loan association, securities or commodities broker or other financial institution in which the Company or any Subsidiary has an account, including cash contribution accounts, and the names of all Persons authorized to draw thereon or have access thereto, and (ii) the location of all lockboxes and safe deposit boxes of the Company and each Subsidiary and the names of all Persons authorized to draw thereon or have access thereto.

SECTION 3.12. TITLE TO PROPERTIES. (a) Except (i) for Encumbrances (A) disclosed in Part II of Section 3.12(a) of the Disclosure Schedule (with respect to owned properties) and (B) as disclosed in Part II of Section 3.12(b) of the Disclosure Schedule (with respect to leased property), or (ii) for Permitted Encumbrances, the Company and the Subsidiaries (1) have good and marketable title to the properties listed in Part I of Section 3.12(a) of the Disclosure Schedule identified as being owned in fee, in whole or in part, by the Company or the Subsidiaries and to all of the buildings, structures and other improvements located thereon used in the conduct of the Business and (2) have good and marketable title to the leasehold estate under, and good and valid interest in, the properties listed in Part I of Section 3.12(b) of the Disclosure Schedule identified as being leased lands

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and to all of the buildings, structures, fixtures and other improvements located thereon used in the conduct of the Business.

(b) Notwithstanding anything in Section 3.12(a) to the contrary, except as identified on the Property Schedule, the title of the Company to each of the (i) Major Properties is Marketable Title and (ii) Minor Properties is Defensible Title.

SECTION 3.13. EMPLOYEE BENEFIT MATTERS. (a) With respect to each employee benefit plan, program, arrangement or contract (including, without limitation, any "employee benefit plan" as defined in Section 3(3) of ERISA) maintained or contributed to by the Company or any Subsidiary (the "BENEFIT PLANS"), the Seller has made available to the Purchaser a copy of (i) the most recent annual report (Form 5500) filed with the IRS, (ii) such Benefit Plan, (iii) if applicable, each trust agreement relating to such Benefit Plan, (iv) the most recent summary plan description for each Benefit Plan for which a summary plan description is required, (v) the most recent actuarial valuation report prepared for any Benefit Plan which is a defined benefit plan and (vi) the most recent determination letter, if any, issued by the IRS with respect to any Benefit Plan qualified under Section 401(a) of the Internal Revenue Code.

(b) With respect to the Benefit Plans and each employee benefit plan, program, arrangement or contract (including, without limitation, any "employee benefit plan" as defined in Section 3(3) of ERISA) maintained or contributed to by any employer which along with the Company or any Subsidiary would be treated as a single employer under Section 414 of the Internal Revenue Code (together with the Benefit Plans, the "CONTROLLED GROUP PLANS"), except as set forth in Section 3.13(b) of the Disclosure Schedule, no event has occurred and, to the knowledge of the Seller, there exists no condition or set of circumstances, in connection with which the Company or any Subsidiary could be subject to any liability under the terms of the Controlled Group Plans, ERISA, the Internal Revenue Code or any other applicable Law which would have, individually or in the aggregate, a Material Adverse Effect. There is no "accumulated funding deficiency" as defined in Section 412 of the Internal Revenue Code (whether or not waived) with respect to any of the Controlled Group Plans, and during the past five years neither the Company nor any Subsidiary or other employer which along with the Company

or any Subsidiary would be treated as a single employer under Section 414 of the Internal Revenue Code has made or been required to make contributions to a "multiemployer plan" as defined in Section 3(37) of ERISA.

(c) The Seller has made available to the Purchaser (i) copies of all employment agreements with officers of the Company and the Subsidiaries, (ii) copies of all severance agreements, programs and policies of the Company and the Subsidiaries with or relating to their employees, and (iii) copies of all plans, programs, agreements and other arrangements of the Company and the Subsidiaries with or relating to its employees which contain change in control provisions. Except as set forth in Schedule 3.13(c) of the Disclosure Schedule, no event has occurred and there exists no condition or set of circumstances in connection with which the Company or any Subsidiary could be subject to

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any liability under the terms of the agreements, programs, policies, plans and arrangements described in this Section 3.13(c) which would have, individually or in the aggregate, a Material Adverse Effect.

(d) Except as provided in Section 3.13(d) of the Disclosure Schedule or as otherwise required by Law, no Benefit Plan of the Company or any Subsidiary provides retiree medical or retiree life insurance benefits to any Person at a cost to the Company or any Subsidiary.

SECTION 3.14. INSURANCE. All material properties and risks of the Company and the Subsidiaries are covered by valid and currently effective insurance policies or binders of insurance or programs of self-insurance in such types and amounts and with such deductible amounts as are consistent with customary practices and standards of companies engaged in businesses and operations similar to those of the Company and the Subsidiaries. Set forth on Section 3.14 to the Disclosure Schedule is a list of all (i) policies of fire, liability, casualty, life and other insurance currently in force, (ii) all pending claims against the Company and the Subsidiaries and (iii) the termination dates for each such policy. To the Seller's knowledge, the Company or one of the Subsidiaries, as applicable, has given timely notice to the appropriate insurance carrier with respect to each such claim.

SECTION 3.15. TAXES. Except as set forth in Section 3.15 of the Disclosure Schedule: (a) The Company and each Subsidiary has timely filed, or has had filed on its behalf, in a timely manner (within any applicable extension periods) with the appropriate taxing authority all Returns with respect to Taxes of the Company and each of the Subsidiaries other than those Returns on which an immaterial amount of Taxes would properly be shown the failure of which to file would not have, individually or in the aggregate, a Material Adverse Effect.

(b) All Taxes due and payable on all filed Returns of or with respect to the Company and the Subsidiaries have been paid in full or have been provided for on the 1995 Balance Sheet in accordance with GAAP;

(c) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, state, local or foreign income or other material Returns required to be filed by or with respect to the Company or any of the Subsidiaries;

(d) None of the Returns of or with respect to the Company or any of the Subsidiaries is currently being audited or examined by any taxing authority; and

(e) No deficiency for any income Taxes has been assessed with respect to the Company or any of the Subsidiaries that has not been abated or paid in full.

SECTION 3.16. MATERIAL CONTRACTS. (a) Section 3.16(a) of the Disclosure Schedule lists the following contracts (collectively, with the leases listed in Part I of

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Section 3.12(b) of the Disclosure Schedule, the "MATERIAL CONTRACTS") in effect as of the date of this Agreement to which the Company or any Subsidiary is a party:

(i) any commitment, contract, agreement, note, loan, evidence of indebtedness, purchase order, letter of credit (other than in respect of the leases listed in Section 3.12(b) of the Disclosure Schedule) or guarantee of the indebtedness of others that the Seller reasonably anticipates will, in accordance with its terms, involve aggregate payments by the Company or any Subsidiary of more than \$100,000 within the remaining term of such agreement;

(ii) any lease of personal property involving aggregate payments by the Company or any Subsidiary in excess of \$100,000;

(iii) any contracts or agreements containing covenants limiting the freedom of the Company or any Subsidiary to engage in any line of business or compete with any Person;

(iv) any employment agreements involving annual payments by the Company or any Subsidiary in excess of \$100,000;

(v) any contracts or agreements relating to exploration, production, transportation and treatment of hydrocarbons involving the annual payment to or by the Company or any Subsidiary in excess of \$100,000, or the creation of joint ventures for such purposes;

(vi) any farmings, farmouts or similar agreements providing for the acquisition, sale or disposition of any interest in a property;

(vii) any contracts which provide for the sale of hydrocarbons for a period of three months or more;

(viii) any sale or lease of real or personal property in excess of \$100,000; and

(ix) any contract requiring a capital expenditure or a commitment for a capital expenditure in excess of \$100,000.

(x) any obligation to make future payments, contingent or otherwise, arising out of or relating to the acquisition or disposition of any business, assets or stock of other companies by the Company or any Subsidiary;

(xi) any agreements or arrangements relating to the release or disposal of Hazardous Materials;

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(xii) any agreements with any Governmental Authority that currently are binding on, or restrict the actions of, the Company or any Subsidiary, other than leases or Licenses;

(xiii) any hedge, swap, futures, options or other derivatives contract and similar contracts; and

(xiv) any contracts (other than existing production sales contracts) containing calls on production or options to purchase production in favor of a third party.

(b) Neither the Company nor any Subsidiary is (and, to the knowledge of the Seller, no other party is), as of the date of this Agreement, in breach or violation of, or default under, any of the Material Contracts, where such breaches or violations or defaults would have, individually or in the aggregate, a Material Adverse Effect or result in the creation of any Encumbrance on any asset of the Company or any Subsidiary. Each Material Contract is, as of the date of this Agreement, a valid agreement, arrangement or commitment of the Company or the Subsidiary which is a party thereto, enforceable against the Company or such Subsidiary in accordance with its terms and, to the knowledge of the Seller, is a valid agreement, arrangement or commitment of each other party thereto, enforceable against such party in accordance with its terms, except in each case where enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and except where enforceability is subject to the

application of equitable principles or remedies or as would not have, individually or in the aggregate, a Material Adverse Effect. True and complete copies of all written Material Contracts have heretofore been made available to the Purchaser, and the Seller has provided the Purchaser with written summaries of all such Material Contracts (if any) that are unwritten. Each Material Contract is in full force and effect and no notices of termination or cancellation thereof have been given or received by the Company or any Subsidiary. Except as disclosed in Section 3.16 of the Disclosure Schedule, there are no material unresolved disputes involving the Company or any Subsidiary under the Material Contracts.

SECTION 3.17. CONDITION OF EQUIPMENT. Except as disclosed in Section 3.17 of the Disclosure Schedule, to the knowledge of the Seller, all platforms, pipelines, wells, gas processing plants and other equipment and machinery currently in use and material to the operation of the Business are in reasonable repair, ordinary wear and tear excepted.

SECTION 3.18. ENVIRONMENTAL MATTERS. (a) Except as disclosed in Section 3.18 of the Disclosure Schedule, the Company and each Subsidiary currently hold all the environmental, health and safety permits, licenses and approvals of Governmental Authorities necessary for the current use, occupancy or operation of that portion of the Business conducted by it, except for such permits, licenses and approvals the absence of which would not, individually or in the aggregate, have a Material Adverse Effect. To the knowledge of the Seller, the Seller has provided the Purchaser with copies of or access to any reports in the possession of the Seller, the Company or any Subsidiary of any environmental

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assessment, audit investigation or study with respect to the real property owned or leased by the Company or any Subsidiary.

(b) Except as set forth in Section 3.18 of the Disclosure Schedule:

(i) The Company and each Subsidiary is conducting the Business and operating the Properties and since January 1, 1994 has conducted the Business and operated the Properties in material compliance with all applicable Environmental Laws and all Governmental Orders relating to health, safety, the environment, Hazardous Materials (as such term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA")), or Solid Wastes (as such term is defined in the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984 ("RCRA"));

(ii) Neither the Company nor any Subsidiary has been notified by any Governmental Authority that any of the Properties is the subject of any investigation or inquiry by any Governmental Authority evaluating whether any material remedial action is needed to respond to a release of any Hazardous Material or to the improper storage or disposal (including storage or disposal of offsite locations) of any Hazardous Material;

(iii) Neither the Company nor any Subsidiary has filed any notice under any Environmental Law indicating that (A) the Company, any Subsidiary or any former subsidiary of the Company is responsible for the improper release into the environment, or the improper storage or disposal, of any Hazardous Material, or (B) any Hazardous Material is improperly stored or disposed of upon any Property;

(iv) Neither the Company nor any Subsidiary has any liability in connection with (A) the release into the environment at or on any property now or previously owned or leased by the Company, any Subsidiary or any former subsidiary of the Company, or (B) storage or disposal of any Hazardous Material that in either case would, individually or in the aggregate, have a Material Adverse Effect;

(v) Neither the Company nor any Subsidiary has received any claim, complaint, notice, inquiry or request for information which remains unresolved as of the date hereof with respect to any alleged violation of any Environmental Law or regarding potential liability under any

Environmental Law relating to operations or conditions or any facilities or property owned, leased or operated by the Company, any Subsidiary or any former subsidiary of the Company;

(vi) No property now or, to the knowledge of the Seller, previously owned, leased or operated by the Company, any Subsidiary or any former subsidiary of the

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Company is listed on the National Priorities List pursuant to CERCLA or, to the knowledge of the Seller, on any other federal or state list as sites requiring investigation or cleanup;

(vii) Neither the Company nor any Subsidiary is transporting, has directly transported, is arranging for the transportation of, or has transported, any Hazardous Material to any location which is listed on the National Priorities List pursuant to CERCLA or on any similar federal or state list or which is the subject of federal, state or local enforcement actions or other investigations that may lead to claims against any of them for remedial work, damage to natural resources or personal injury, including claims under CERCLA which would, individually or in the aggregate, have a Material Adverse Effect;

(viii) There are no sites, locations or operations at which the Company or any Subsidiary is currently undertaking, any material remedial or response action relating to any such disposal or release, as required by Environmental Laws; and

(ix) All underground storage tanks and solid waste disposal facilities owned or operated by the Company or any Subsidiary are used and operated in material compliance with Environmental Laws.

(c) Notwithstanding anything in this Agreement to the contrary, the representations and warranties made by the Seller in this Section 3.18 are the exclusive representations and warranties made by the Seller with respect to matters relating to the protection of health, safety and the environment and no other representations or warranties made by the Seller in this Agreement shall be deemed to cover or relate to such matters.

SECTION 3.19. AFFILIATE AGREEMENTS. Section 3.19 of the Disclosure Schedule sets forth a list of all contracts existing as of the date of this Agreement which relate to (a) the sale, provision or sharing of products or services to the Company and the Subsidiaries by any other division, unit or Affiliate of the Seller or (b) the sale, provision or sharing of products or services by the Company and the Subsidiary to any other division, unit or Affiliate of the Seller.

SECTION 3.20. BROKERS. Except for Morgan Stanley & Co., Incorporated, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Seller. The Seller is solely responsible for the fees and expenses of Morgan Stanley.

SECTION 3.21. ABSENCE OF CERTAIN CHANGES. Except as disclosed on Section 3.21 of the Disclosure Schedule, since March 31, 1996, (i) there has not been any matter, fact or circumstance resulting, individually or in the aggregate, in a Material Adverse Effect in, or any event or condition that might reasonably be expected to result in any Material Adverse Effect in, the business, assets, results of operations or condition (financial

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or otherwise) of the Company or the Subsidiaries, (ii) the Business has been conducted only in the ordinary course consistent with past practice, (iii) neither the Company nor any Subsidiary has incurred any material liability, engaged in any material transaction or entered into any material agreement outside the ordinary course of business consistent with past practice, and (iv) neither the Company nor any Subsidiary has paid or committed to pay any bonus or similar payment to any director, officer or employee thereof.

SECTION 3.22. OUTSTANDING MONETARY COMMITMENTS. Set forth in Section 3.22 of the Disclosure Schedule is a listing, as of May 31, 1996, of all

outstanding authorizations for expenditures relating to the Properties and exceeding \$100,000 individually. Except as set forth in Section 3.22 of the Disclosure Schedule, there are no operations on the Properties in which the Company's or any Subsidiary's commitment would have exceeded \$100,000, being conducted as of May 31, 1996, or any time thereafter, in which the Company or any Subsidiary has elected not to participate since May 31, 1996.

SECTION 3.23. PAYMENTS AND OPERATIONS. Except as disclosed in Section 3.23 of the Disclosure Schedule, there are no royalties, shut-in royalties, lease rental payments, deposits or other payments for which the Company or any Subsidiary has any responsibility or liability that are payable (except as accrued in the Financial Statements) or delinquent, and all such payments that are due have been timely and properly paid (including, without limitation, any royalties due in respect of (i) amounts received in settlement of take or pay or similar contracts or (ii) amounts received for the sale of oil in excess of posted prices), except any amount of royalties, shut-in royalties, lease rental payments or other payments held in suspense for title reasons and with respect to which the Company or such Subsidiary has set aside appropriate reserves. The methods used by the Company and each Subsidiary to calculate royalty payments comply with the terms of the leases, Licenses and other agreements pertaining to the Properties and applicable Laws and Governmental Orders. The Company and each Subsidiary have complied with, performed and observed, and satisfied all of the material terms, conditions, obligations and liabilities under any of the provisions of the documents of title to the Properties, or any other agreements, instruments, Laws and Governmental Orders relating to the Properties.

SECTION 3.24. PREPAYMENTS; GAS IMBALANCES. Neither the Company nor any Subsidiary is obligated, by virtue of a prepayment arrangement, make-up right under a production sales contract containing a "take or pay" or similar provision, production payment or any other arrangement, to deliver hydrocarbons, or proceeds from the sale thereof, attributable to any of its Properties at some future time without then or thereafter being entitled to receive payment of the contract price therefor. Except as set forth in Section 3.24 of the Disclosure Schedule, at April 30, 1996, neither the Company nor any Subsidiary had under any agreement, arrangement or past event (i) any obligation to deliver gas from the Properties (or cash in lieu thereof) to other owners of interests in those Properties as a result of past production by the Company, any Subsidiary or any of their predecessors in excess of the share to which they were entitled, or (ii) any right to receive deliveries of gas from the Properties (or cash in lieu thereof) from other owners of interests in those Properties as a result of past production by the Company, any Subsidiary or any of their predecessors of less

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than the share to which they were entitled. Except as set forth in Section 3.24 of the Disclosure Schedule, at April 30, 1996, neither the Company nor any Subsidiary had any other gas imbalances or make-up obligations (whether arising at the wellhead, pipeline, gathering system or other level) under any agreement, arrangement or past event.

SECTION 3.25. INTELLECTUAL PROPERTY. The Company and each Subsidiary either owns or has valid agreements or Licenses granting them the right to use all Intellectual Property Rights used in the Business. Except as set forth in Section 3.25 of the Disclosure Schedule and except for agreements giving the Company and the Subsidiaries the right to use certain geological and geophysical data (which may contain limitations customary for companies engaged in the business of the exploration and production of oil, gas, condensate and other hydrocarbons), there are no limitations contained in such agreements or Licenses which, upon consummation of the transactions contemplated by this Agreement, will alter or impair any Intellectual Property Rights, breach any agreement or License pertaining thereto with any third-party vendor, or require payments or additional sums under such agreements or Licenses. The Company and each Subsidiary is in compliance in all material respects with all agreements and Licenses pertaining to Intellectual Property Rights and there are no pending or, to the knowledge of the Company, threatened Actions challenging or questioning the validity or effectiveness of any such agreement or License or the right of the Company or any Subsidiary to use, copy, modify or distribute the same.

SECTION 3.26. OIL AND GAS OPERATIONS. The Company and the Subsidiaries have drilled and (if completed) completed, operated and produced all of those wells for which any of the Company and the Subsidiaries serve as

operator in accordance with generally accepted oil and gas field practices and in compliance in all material respects with applicable oil and gas leases and all applicable Laws and Governmental Orders, except where any failures or violations do not or would not have, individually or in the aggregate, a Material Adverse Effect. All proceeds from the sale of oil, gas and other hydrocarbons produced by the Company and the Subsidiaries are being received by the Company and the Subsidiaries in a timely manner and are not being held in suspense for any reason (except for amounts, individually or in the aggregate, not in excess of \$100,000 and held in suspense in the ordinary course of business).

SECTION 3.27. GOVERNMENTAL REGULATIONS. Neither the Company nor any Subsidiary is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended. Neither the Company nor any Subsidiary is a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended ("PUHCA"). Neither the Company nor any Subsidiary has a similar status under any similar state laws or regulations of the type regulating public utilities. No consent or approval of, or other action by, the Securities and Exchange Commission under PUHCA and the rules and regulations promulgated thereunder is required in connection with the execution, delivery and performance by the Seller of this Agreement. Assuming the Purchaser is not a "holding company" within the meaning of PUHCA, following the consummation of the transactions contemplated by this Agreement neither the Company nor any Subsidiary will be a

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"subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" within the meaning of PUHCA.

SECTION 3.28. FOREIGN PROPERTIES. (a) Brabant Petroleum Ltd. has not (i) committed any material breach of any of the exploration and production licenses covering Properties located in the U.K. Sector of the North Sea (the "UK LICENSES"), or (ii) received notice that any of the parties to the UK Licenses has committed any material breach of, or is in material default under, any of the UK Licenses. The UK Licenses and all rights and interests of Brabant Petroleum Ltd. thereunder or deriving therefrom are in full force and effect and no act or omission of Brabant Petroleum Ltd. or, to the knowledge of Seller, of any other Person has occurred that would entitle the Department of Trade and Industry to revoke the UK Licenses. No notice has been given to Brabant Petroleum Ltd. or, to the knowledge of Seller, to any other Person by the Department of Trade and Industry of any intention to revoke the UK Licenses or require further work to be conducted (whether in relation to exploration or development), to call for the submission of or to impose of development program.

(b) Energy Development Corporation (Argentina), Inc. has not (i) committed any material breach of any of the exploration and production licenses covering Properties located in Argentina (the "ARGENTINA LICENSES"), or (ii) received notice that any of the parties to the Argentina Licenses has committed any material breach of, or is in material default under, any of the Argentina Licenses. The Argentina Licenses and all rights and interests of Energy Development Corporation (Argentina), Inc. thereunder or deriving therefrom are in full force and effect and no act or omission of Energy Development Corporation (Argentina), Inc. or, to the knowledge of Seller, of any other Person has occurred that would entitle the Secretary of Energy to revoke the Argentina Licenses. No notice has been given to Energy Development Corporation (Argentina), Inc. or, to the knowledge of Seller, to any other Person by the Secretary of Energy of any intention to revoke the Argentina Licenses or to require further work to be conducted (whether in relation to exploration or development), to call for the submission of or to impose a development program.

SECTION 3.29. 1996 EXPLORATION ACTIVITIES. Section 3.29 of the Disclosure Schedule sets forth a listing of all exploration and development activities in which the Company or any Subsidiary has elected to participate since September 30, 1995 and with respect to which the Company or any Subsidiary has expended or committed to expend \$100,000 or more. The Seller has provided the Purchaser with true and complete information (to the extent the Company or any Subsidiary has such information in its possession or has access to such information) regarding the status and results of all such activities, including, without limitation, well logs, results of drill stem

tests, production information and other pertinent information.

SECTION 3.30. ENTECH AGREEMENT. Set forth on Section 3.30 of the Disclosure Schedule is a true and correct listing, in all material respects, of (i) all the Properties of a type described in clauses (i) and (ii) of Section 2.13 of the Entech Agreement

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(as hereafter defined) that constitute "New Properties" under that certain Amended and Restated Participation Agreement (the "ENTECH AGREEMENT") dated December 27, 1993, between the Company and Entech Enterprises, Inc. ("ENTECH"), as agreed to between the Company and Entech, (ii) Entech's agreed percentage net revenue interest and working interest in such New Properties and (iii) those additional Properties which, to the knowledge of the Seller and the Company, Entech claims to constitute "New Properties". No additional properties or interests that may be acquired by the Company after the date hereof, other than pursuant to agreements entered into by the Company prior to December 31, 1994 will constitute "New Properties" under the Entech Agreement.

SECTION 3.31. DISCLOSURE. To the Seller's knowledge, all well logs, well pressures and other well test data furnished by the Seller to the Purchaser for purposes of or in connection with the transactions contemplated by this Agreement are true and accurate in all material respects.

SECTION 3.32. INDEMNIFICATION CLAIMS. There are no pending claims for indemnification from the Company or any Subsidiary by any director, officer or employee thereof and, to the Seller's knowledge, there are no facts or circumstances that would reasonably be expected to form the basis for any such claim.

SECTION 3.33. FINANCIAL STATEMENTS OF SELLER. The Seller has delivered to the Purchaser accurate and complete copies of the Seller's audited consolidated balance sheet as of December 31, 1995, and the related audited consolidated statements of income, stockholders' equity and cash flows for the year then ended, and the notes and schedules thereto, together with the unqualified report thereon of Deloitte & Touche LLP, independent public accountants (the "SELLER'S FINANCIAL STATEMENTS"). The Seller's Financial Statements (i) have been prepared in accordance with GAAP and the Seller's book and records and (ii) fairly present in all material respects the Seller's consolidated financial position as of the date thereof and its consolidated results of operations and cash flows for the period then ended, except for changes that may be necessary or appropriate in connection with the reserve data referred to in Section 4.08. Since December 31, 1995, there has not been any material adverse change in the assets, results of operations or financial condition of the Seller, except for changes in connection with the reserve data referred to in Section 4.08.

THE EXPRESS REPRESENTATIONS AND WARRANTIES OF THE SELLER CONTAINED IN THIS AGREEMENT ARE EXCLUSIVE AND ARE IN LIEU OF ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, OR OTHER CONDITION OF THE ASSETS OF THE COMPANY AND THE SUBSIDIARIES OR THE OWNERSHIP OR OPERATION OF ANY OF SUCH ASSETS OF THE COMPANY, OR ANY PART THEREOF.

EXCEPT AS SET FORTH IN ARTICLE III, ALL OF THE PERSONAL PROPERTY, EQUIPMENT, IMPROVEMENTS AND FIXTURES RELATED TO THE PROPERTIES SHALL BE ACQUIRED BY THE PURCHASER (THROUGH ITS

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ACQUISITION OF THE SHARES) "AS IS, WHERE IS". WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, THE SELLER EXPRESSLY DISCLAIMS AND NEGATES AS TO PERSONAL PROPERTY, EQUIPMENT, IMPROVEMENTS AND FIXTURES (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY AS TO CONDITION, (d) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS AND (e) ANY GUARANTY OR WARRANTY AGAINST HIDDEN OR LATENT REDHIBITORY VICIES UNDER LOUISIANA LAW,

INCLUDING LOUISIANA CIVIL CODE ARTICLES 2520 THROUGH 2548 AND THE WARRANTY IMPOSED BY LOUISIANA CIVIL CODE ARTICLE 2476.

THE SELLER EXPRESSLY DISCLAIMS AND NEGATES, AND THE PURCHASER HEREBY WAIVES, ANY REPRESENTATIONS OR WARRANTY WITH RESPECT TO THE QUALITY, QUANTITY OR VOLUME OF THE RESERVES, IF ANY, OF OIL, GAS OR OTHER HYDROCARBONS IN OR UNDER THE OIL AND GAS PROPERTIES.

THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, THAT EXTEND BEYOND THE FACE OF THIS AGREEMENT.

THE PURCHASER ACKNOWLEDGES THAT THE WAIVERS IN THIS SECTION ARE CONSPICUOUS.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Seller as set forth in this Article IV. The representations and warranties in this Article IV are deemed to be material and the Seller is entering into this Agreement relying on such representations and warranties:

SECTION 4.01. INCORPORATION AND AUTHORITY OF THE PURCHASER. The Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Purchaser, the performance by the Purchaser of its obligations hereunder and the consummation by the Purchaser of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and (assuming due authorization, execution and delivery by the Seller) constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to the effect of any applicable

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bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 4.02. NO CONFLICT. Assuming all consents, approvals, authorizations and other actions described in Section 4.03 have been obtained and all filings and notifications listed in Section 4.03 have been made, and except as may result from any facts or circumstances relating solely to the Seller, the execution, delivery and performance of this Agreement by the Purchaser do not and will not (a) violate or conflict with the Certificate of Incorporation or By-laws of the Purchaser, (b) conflict with or violate any Law or Governmental Order applicable to the Purchaser, except as would not, individually or in the aggregate, delay the consummation of the transaction contemplated by this Agreement or have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement or (c) result in any breach of, or constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Purchaser pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument relating to such assets or properties to which the Purchaser is a party or by which any of such assets or properties is bound or affected, except as would not, individually or in the aggregate, delay the consummation of the transactions contemplated by this Agreement or have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement.

SECTION 4.03. CONSENTS AND APPROVALS. No consent, approval, authorization, license, order or permit of, or declaration, filing or registration with, or notification to, any Governmental Authority, or any

other Person or entity, is required to be made or obtained by the Purchaser or any of its Affiliates in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, except (a) applicable requirements, if any, of the Delaware General Corporation Law and the HSR Act, (b) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, either individually or in conjunction with other such failures, would not delay the consummation of the transactions contemplated by this Agreement or not have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement and (c) as may be necessary as a result of any facts or circumstances relating solely to the Seller.

SECTION 4.04. ABSENCE OF LITIGATION. No Action is pending or, to the knowledge of the Purchaser, threatened against the Purchaser which would, individually or in the aggregate, delay the consummation of the transactions contemplated by this Agreement or have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement.

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SECTION 4.05. INVESTMENT PURPOSE. The Purchaser is acquiring the Shares solely for the purpose of investment and not with a view to, or for offer or sale in connection with, any distribution thereof.

SECTION 4.06. FINANCING. The Purchaser has all funds necessary to consummate the transactions contemplated by this Agreement.

SECTION 4.07. BROKERS. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser.

SECTION 4.08. RESERVE DATA. The Purchaser acknowledges receipt of the revised data as to the Company's reserves included in Section 4.08 of the Disclosure Schedule.

ARTICLE V

ADDITIONAL AGREEMENTS

SECTION 5.01. CONDUCT OF BUSINESS PRIOR TO THE CLOSING. (a) Subject to Section 5.01(d), the Seller covenants and agrees that, between the date hereof and the Closing Date, it shall not permit the Company and the Subsidiaries to conduct the Business other than in the ordinary course and consistent with their prior practice except as described in Section 5.01(a) of the Disclosure Schedule, without the prior written consent of the Purchaser.

(b) The Seller covenants and agrees that, prior to the Closing, it will cause the Company and the Subsidiaries to use all reasonable efforts to preserve, maintain and protect the Properties, to preserve substantially intact the business organization of the Business, to keep available to the Purchaser the services of the employees of the Company and the Subsidiaries, to keep in full force and effect the insurance coverage specified in Section 3.14 of the Disclosure Schedule and to preserve the current relationships of the Company and the Subsidiaries with their respective customers, suppliers and other Persons with which they have significant business relationships.

(c) The Seller covenants and agrees that, prior to the Closing, it will not permit either the Company or any Subsidiary to amend its Certificate of Incorporation or By-laws (or equivalent organization documents), merge or consolidate, or obligate itself to do so, with or into any other entity or authorize a liquidation, dissolution, reorganization or recapitalization, without the prior written consent of the Purchaser.

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(d) The Seller covenants and agrees that, without the prior written

consent of the Purchaser, it will not permit either the Company or any Subsidiary, prior to the Closing,

(i) to change its accounting methods, principles or practices, other than such changes required by GAAP;

(ii) to declare, set aside or pay any dividend or other distribution (whether in cash, stock, property or any combination thereof) in respect of the Shares or Subsidiary Shares or redeem, repurchase or otherwise acquire any equity securities issued by the Company or any Subsidiary;

(iii) to revalue any of its assets, including, without limitation, writing down the value of inventory or writing off notes or accounts receivable, other than in the ordinary course of business;

(iv) to establish or increase any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, or restricted awards), stock purchase or other employee benefit plan, or otherwise increase the compensation payable or to become payable to any of their respective officers or employees, except as may be required by Law;

(v) to enter into any employment or severance agreement with any of their respective employees or establish, adopt, or enter into any collective bargaining agreement;

(vi) to issue or sell any shares of capital stock of, or other equity interests in, the Company or any Subsidiary, or securities convertible into or exchangeable for such shares or equity interests;

(vii) to discontinue or modify any existing policy or binder of insurance currently maintained in respect of the Company, any Subsidiary or the Business;

(viii) to acquire, sell, lease, transfer or otherwise dispose of (including farmouts), directly or indirectly, any assets, other than sales of product produced in the ordinary course of business and sales of other assets in the ordinary course of business having a fair market value in the aggregate of not more than \$50,000;

(ix) to incur, guarantee or assume any indebtedness for borrowed money;

(x) to mortgage or pledge any of their respective assets or create any Encumbrance thereon;

(xi) to enter into or amend, modify or terminate any Material Contract;

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(xii) to make any elections regarding any operation with respect to a Property;

(xiii) to make any loans, advances or capital contributions to, or investments in, any other Person other than as required pursuant to any contract or agreement to which the Company or a Subsidiary is a party existing on the date hereof or entered into after the date hereof without violation of this Agreement;

(xiv) to pay to any director, officer or employee any benefit not required by any employee benefit agreement, trust, plan, fund or other arrangement as in effect on the date hereof;

(xv) to make any capital expenditure or expenditures other than as required pursuant to any contract or agreement to which the Company or a Subsidiary is a party existing on the date hereof or entered into after the date hereof without violation of this Agreement;

(xvi) except for (A) payroll expenditures, (B) royalty payments, (C) payments of Taxes (other than any U.S. Federal corporate income Tax unless liability for such Tax is included in amounts reserved under the 1995 Balance Sheet) and (D) scheduled payments under any contract or agreement to which the Company or a Subsidiary is a party

existing on the date hereof or entered into after the date hereof without violation of this Agreement, to pay, discharge or satisfy any claims, liabilities or obligations (whether accrued, absolute, contingent, unliquidated or otherwise, and whether asserted or unasserted).

(xvii) to enter into any transaction with any Person that is an Affiliate of the Seller;

(xviii) to use funds from the Company or any Subsidiary to pay any U.S. Federal corporate income Tax liability other than such a tax liability included in amounts reserved on the 1995 Balance Sheet;

(xix) to take any action which would make any of the representations or warranties of the Seller contained in this Agreement untrue or inaccurate as of any time from the date of this Agreement to the Closing or would or might result in any of the conditions set forth in this Agreement not being satisfied; or

(xx) to authorize, propose or agree to take any of the foregoing actions.

(e) Between the date hereof and the Closing Date, the Purchaser shall be entitled to have representatives present at the corporate headquarters of the Company. The Seller shall cause the Company and the Subsidiaries to give such representatives prior notice of, and to include such representatives in, all discussions and meetings concerning any matter that may require approval of the Purchaser under Section 5.01(d) or that would otherwise

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involve operational or administrative decisions. In addition, the Seller shall cause to be delivered to such representatives at least five (5) Business Days prior to the making of any disbursements, a list of the Company's and each Subsidiary's planned disbursements with respect to the Company's and each Subsidiary's accounts payable (other than payroll and royalties).

SECTION 5.02. ACCESS TO INFORMATION. (a) From the date of this Agreement until the Closing the Seller shall, and shall cause the officers, employees, auditors and agents of the Seller, the Company and the Subsidiaries, (i) to afford the officers, employees and authorized agents and representatives of the Purchaser full and complete access, during normal business hours or upon reasonable notice during non-business hours, to the offices, properties, books and records of the Company and the Subsidiaries (including such access as may be appropriate to permit the Purchaser to conduct such an examination of title to the Properties as it deems necessary or proper) and (ii) furnish to the officers, employees and authorized agents and representatives of the Purchaser such additional financial and operating data and other information regarding the Shares and the assets, properties, goodwill and Business of the Company and the Subsidiaries as the Purchaser may from time to time reasonably request in order to assist the Purchaser in fulfilling its obligations under this Agreement and to facilitate the consummation of the transfers contemplated hereby.

(b) The Purchaser agrees that it shall preserve and keep all Books and Records relating to the business or operations of the Company and the Subsidiaries on or before the Closing Date in the Purchaser's possession for a period of at least eight years from the Closing Date. After such eight-year period, before the Purchaser shall dispose of any of such Books and Records, at least 90 calendar days' prior written notice to such effect shall be given by the Purchaser to the Seller, and the Seller shall be given an opportunity, at its cost and expense, to remove and retain all or any part of such Books and Records as the Seller may select.

(c) Each party agrees that it will cooperate with and make available to the other party, during normal business hours, all Books and Records, information and employees (without substantial disruption of employment) retained and remaining in existence after the Closing Date which are necessary or useful in connection with any Tax inquiry, audit, investigation or dispute, any litigation or investigation or any other matter requiring any such Books and Records, information or employees for any

reasonable business purpose. The party requesting any such Books and Records, information or employees shall bear all of the out-of-pocket costs and expenses (including, without limitation, attorneys' fees and reimbursement for the reasonable salaries and employee benefits for those employees who are made available) reasonably incurred in connection with providing such Books and Records, information or employees. The Seller may require certain financial information relating to the Business for periods prior to the Closing Date for the purpose of filing federal, state, local and foreign Tax returns and other governmental reports, and the Purchaser agrees to furnish such information to the Seller at the Seller's request and expense.

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SECTION 5.03. CONFIDENTIALITY. The terms of the Confidentiality Agreement are hereby incorporated herein by reference and shall continue in full force and effect until the Closing, at which time such Confidentiality Agreement and the obligations of the Purchaser under this Section 5.03 shall terminate; PROVIDED, HOWEVER, that the Confidentiality Agreement shall terminate only in respect of that portion of the Proprietary Information (as defined in the Confidentiality Agreement) exclusively relating to the transactions contemplated by this Agreement. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

SECTION 5.04. REGULATORY AND OTHER AUTHORIZATIONS; CONSENTS. (a) Each party hereto shall use all reasonable efforts to obtain all authorizations, consents, orders and approvals of, and to give all notices to and make all filings with, all Governmental Authorities and other third parties that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and will cooperate fully with the other party in promptly seeking to obtain all such authorizations, consents, orders and approvals, giving such notices, and making such filings. The Purchaser acknowledges that it shall be solely responsible for obtaining the Licenses and all other consents, approvals and authorizations referred to in Section 4.03 and the Seller agrees to assist the Purchaser in its efforts with respect thereto. Each party hereto agrees to make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby within five Business Days of the date hereof and to supply promptly any additional information and documentary material that may be requested pursuant to the HSR Act. The parties hereto acknowledge that time shall be of the essence in this Agreement and agree not to take any action that will have the effect of unreasonably delaying, impairing or impeding the receipt of any required authorizations, consents, orders or approvals.

(b) Without limiting the generality of the Purchaser's undertakings pursuant to Section 5.04(a), the Purchaser shall:

(i) take promptly any or all of the following actions to the extent necessary to eliminate any concerns on the part of any Governmental Authority with jurisdiction over the enforcement of any applicable antitrust laws ("GOVERNMENT ANTITRUST AUTHORITY") regarding the legality under any antitrust law of the Purchaser's acquisition of the Shares: entering into negotiations, providing information, making proposals, entering into and performing agreements or submitting to judicial or administrative orders, or holding separate (through the establishment of a trust or otherwise), particular assets or categories of assets, or Businesses, of the Company or any Subsidiary;

(ii) use its Best Efforts to prevent the entry in a judicial or administrative proceeding brought under any antitrust law by any Government Antitrust Authority or any other party of any permanent or preliminary injunction or other order that would make consummation of the acquisition of the Shares in accordance with the terms of

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this Agreement unlawful or that would prevent or delay such consummation, including, without limitation, taking the steps contemplated by Section 5.04(b)(i);

(iii) take promptly, in the event that such an injunction or order has been issued in such a proceeding, any and all reasonable steps, including, without limitation, the appeal thereof, the posting of a bond or the steps contemplated by Section 5.04(b) (i), necessary to vacate, modify or suspend such injunction or order so as to permit such consummation on a schedule as close as possible to that contemplated by this Agreement; and

(iv) take promptly all other reasonable actions and do all other things reasonably necessary and proper to avoid or eliminate each and every impediment under any antitrust law that may be asserted by any Government Antitrust Authority or any other party to the consummation of the acquisition of the Shares by the Purchaser in accordance with the terms of this Agreement.

(c) The Purchaser will use its Best Efforts to assist the Seller in obtaining any consents of third parties necessary or advisable in connection with the transactions contemplated by this Agreement, including, without limitation, providing to such third parties such financial statements and other publicly available financial information with respect to Noble Affiliates, Inc., the parent corporation of the Purchaser, as such third parties may reasonably request.

SECTION 5.05. INDEPENDENT INVESTIGATION. (a) The Purchaser acknowledges and agrees that it (i) has made its own independent inquiry and investigation into, and, based upon the information supplied to the Purchaser by the Seller, has formed an independent judgment concerning, the Company, the Subsidiaries and the Business and (ii) has been furnished with or given adequate access to such information about the Company, the Subsidiaries and the Business as it has requested. The Seller does not make, and has not made, any representations or warranties relating to the Seller, the Company or any Subsidiary other than those expressly set out herein which are made by the Seller.

(b) Certain information set forth in the Disclosure Schedules is included solely for informational purposes and may not be required to be disclosed pursuant to this Agreement. The disclosure of any information shall not be deemed to constitute an acknowledgement that such information is required to be disclosed in connection with the representations and warranties made by the Seller in this Agreement, nor shall such information be deemed to establish a standard of materiality.

SECTION 5.06. NOTICE OF EVENTS. The Seller and the Purchaser shall promptly notify each other of any event or circumstance which shall occur prior to the Closing which shall constitute a breach of a representation or warranty or a covenant or agreement of either the Seller or the Purchaser.

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SECTION 5.07. FURTHER ACTION. Subject to the terms and conditions herein provided, each of the parties hereto covenants and agrees to use its Best Efforts to deliver or cause to be delivered such documents and other papers and to take or cause to be taken such further reasonable actions as may be necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated hereby.

SECTION 5.08. ACQUISITION PROPOSALS. From the date hereof, none of the Seller, the Company, any Subsidiary or any Affiliate, director, officer, employee or representative of any of them shall, directly or indirectly (i) solicit or initiate any Acquisition Proposal or (ii) engage in discussions or negotiations with, enter into any agreements or understandings with or disclose any nonpublic information relating to, the Company or any Subsidiary, or afford access to the properties, books or records of the Company or any Subsidiary to, any Person that is considering making or has made an Acquisition Proposal. Seller shall immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any Acquisition Proposal and shall promptly request each such Person who has heretofore entered into a confidentiality agreement in connection with an Acquisition Proposal to return to Seller all confidential information heretofore furnished to such Person by or on behalf of Seller, the Company or any Subsidiary. The Seller and the Company will notify the Purchaser promptly by telephone, and

thereafter confirm in writing, if it receives any Acquisition Proposal after the date hereof and advise the Purchaser of the terms thereof. The term "ACQUISITION PROPOSAL", as used herein, means any offer or proposal for, or any indication of interest in, a merger or other business combination involving the Company or any Subsidiary or the acquisition of any equity interest in, or a substantial portion of the assets of, the Company or any Subsidiary, other than the transactions contemplated by this Agreement.

SECTION 5.09. EMPLOYEE TERMINATION COSTS. (a) The Seller hereby agrees to indemnify the Purchaser, the Company and the Subsidiaries against and hold each of them harmless from, and to reimburse the Company and the Subsidiaries for, all costs and expenses relating to severance or termination benefits (including amounts related to or paid pursuant to any incentive plan, bonus pool or deferred compensation plan or arrangement), retention payments, continuation of benefits, accrued vacation, outplacement and all other similar costs, expenses and Losses related to the termination of an employee's employment with the Company or any Subsidiary or the termination of any incentive plan, bonus pool or deferred compensation plan or arrangement or an employee's participation thereunder, either (i) triggered by the consummation of the transactions contemplated by this Agreement or (ii) related to the voluntary or involuntary termination of any employee's employment with the Company or any Subsidiary or the termination of any incentive plan, bonus pool or deferred compensation plan or arrangement or an employee's participation thereunder prior to or within six months in the case of involuntary terminations or one (1) year in the case of voluntary terminations, in each case following the Closing (collectively, "TERMINATION COSTS"), to the extent such Termination Costs relate to or are paid pursuant to any plan, program, agreement, arrangement, policy or practice entered into or adopted at any time prior to the Closing. The reimbursement of the Termination Costs shall be made from time to time by the delivery of immediately available funds by the Seller to either the Purchaser,

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the Company or any Subsidiary (as specified by the Purchaser) within five (5) Business Days of the Purchaser's written notice to the Seller of the incurrence of any Termination Costs. The Purchaser shall cause the Company to make available to the Seller such Books and Records as may be reasonably necessary to allow the Seller to verify the amount of Termination Costs. Nothing contained in this Agreement shall be deemed to require the Purchaser, the Company or any Subsidiary to take or omit to take any action that might mitigate or reduce the amount of Termination Costs.

(b) The Seller hereby agrees to indemnify the Purchaser, the Company and the Subsidiaries against and hold each of them harmless from, and to reimburse the Company and the Subsidiaries for, any contributions, premiums or other payments the Company or any Subsidiary is required to make or pay after the Closing to or with respect to any of the Controlled Group Plans as in effect at any time prior to the Effective Date to fund benefits or provide coverage for employees of the Company or any Subsidiary with respect to periods of employment prior to the Effective Date (collectively, "Plan Costs"). The reimbursement of the Plan Costs shall be made from time to time by the delivery of immediately available funds by the Seller to either the Purchaser, the Company or any Subsidiary (as specified by the Purchaser) within five (5) Business Days of the Purchaser's written notice to the Seller of the incurrence of any Plan Costs. The Purchaser shall cause the Company to make available to the Seller such Books and Records as may be reasonably necessary to allow the Seller to verify the amount of Plan Costs. Nothing contained in this Agreement shall be deemed to require the Purchaser, the Company or any Subsidiary to take or omit to take any action that might mitigate or reduce the amount of Plan Costs.

SECTION 5.10. TERMINATION OF CERTAIN AGREEMENTS. Prior to the Closing, the Seller shall, or shall cause its Affiliates to, (i) terminate and cancel all agreements and arrangements (collectively, the "IPO AGREEMENTS") entered into between the Company and the Seller or any of its Affiliates in contemplation of the proposed initial public offering by the Company contemplated by the Company's Registration Statement on Form S-1 (No. 33-2326), including, without limitation, the Tax Allocation Agreement, Administrative Services Agreement, Indemnification Agreement, Cash Management Agreement and Stock Restriction, Registration and Option Agreement referred to under "Certain Transactions" in such Form S-1, (ii) return to the Company the aggregate amounts paid by the Company or any Subsidiary to the Seller or

any of its Affiliates under the IPO Agreements and (iii) execute releases satisfactory to the Purchaser releasing the Company from any liability or obligation under the IPO Agreements. Promptly following the execution of this Agreement, the Seller shall cause the Company to withdraw such Registration Statement in accordance with the rules and regulations promulgated under the Securities Act of 1933.

SECTION 5.11. UPDATED FINANCIAL STATEMENTS. On or before July 31, 1996, the Seller shall cause the Company to prepare and deliver to the Purchaser (i) the Company's unaudited consolidated balance sheet as of June 30, 1995 and 1996, and the related unaudited consolidated statements of income, stockholders' equity and cash flows for each of the six-month periods then ended, all of which shall be prepared on the same basis as the Unaudited Financial Statements and (ii) reissued Audited Financial Statements as of December 31, 1995

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revised as necessary or appropriate to reflect the revised estimated reserves of the Company as previously discussed by the parties and substantially in accordance with the data referred to in Section 4.08.

ARTICLE VI

TAX MATTERS

SECTION 6.01. TAX INDEMNITIES. (a) Subject to Section 6.01(d), the Seller shall indemnify the Purchaser and its Affiliates and the Company and its Subsidiaries, and hold them harmless from and against (i) any liability for Taxes (other than conveyance taxes, which are allocated to the Purchaser pursuant to Section 6.07) of the Company and the Subsidiaries due in respect of all taxable periods ending before the Effective Date, the portion of any Straddle Period (as defined below) ending on the Effective Date, and in respect of U.S. Federal corporate income Tax, the portion of 1996 ending on the Closing Date, but Seller shall not be liable for any Tax (other than a Tax resulting from the Elections) which is included in amounts reserved on the 1995 Balance Sheet (including the trial balance sheet relating thereto)), (ii) any liability that may be imposed on the Company or any Subsidiary pursuant to Section 1.1502-6 of the Treasury Regulations promulgated under the Internal Revenue Code or pursuant to any analogous provision of state or local law, as a result of the affiliation of the Company or such Subsidiary with the Seller or an Affiliate of the Seller or predecessor-in-interest, (iii) any liability for Taxes resulting from elections (the "ELECTIONS") under Section 338(g) and 338(h)(10) of the Internal Revenue Code with respect to the Company and the Subsidiaries, and any comparable elections under state or local tax laws, PROVIDED, HOWEVER, that no indemnity shall be provided under this Agreement for any Taxes resulting from (1) a breach by the Purchaser of its obligations under this Agreement, (2) a reduction in any net operating loss, capital loss or tax credit carryover allocable to the Company or any Subsidiary, or (3) any transaction of the Company or any Subsidiary occurring after the Closing on the Closing Date (other than the Elections and other than transactions that are in the ordinary course of business).

(b) From and after the Closing Date, except as provided in Section 6.01(a) above, the Purchaser and the Company shall indemnify the Seller and its Affiliates and hold them harmless from and against (i) Taxes due pursuant to Section 6.07 herein, (ii) Taxes due in respect of all taxable periods commencing on or after the Effective Date (other than U.S. Federal corporate income Taxes due in respect of the portion of 1996 ending on the Closing Date, except to the extent attributable to a transaction after the Closing on the Closing Date (other than the Elections and other than transactions that are in the ordinary course of business)), and (iii) the portion of any Straddle Period (as defined below) beginning on the Effective Date imposed on or with respect to the Company or its Subsidiaries.

(c) Any Taxes for a tax period beginning before the Effective Date and ending after the Effective Date (a "STRADDLE PERIOD") shall be apportioned between the Seller and the Purchaser, in the case of real and personal property taxes and franchise taxes not

based on gross or net income, on a per diem basis and, in the case of other Taxes (including sales and transfer Taxes), shall be determined based on the actual operation of the Company and the Subsidiaries during the portion of such period ending on the day before the Effective Date and the portion of such period beginning on the Effective Date. Each such portion of such period shall be deemed to be a tax period subject to the provisions of Section 6.01(a) and 6.01(b) above. Notwithstanding the foregoing, in the case of any Tax based upon or measured by capital (including net worth or long-term debt) or intangibles, the amount of such Tax allocated to the period ending on the day before the Effective Date shall be computed by reference to the level of such items on such Date.

(d) The respective indemnification obligations of the Purchaser and the Seller pursuant to this Section 6.01 resulting from any Contest (as defined in Section 6.03(b)) shall not be effective until the aggregate dollar amount of all Taxes which would otherwise be payable pursuant to this Article VI by such party exceeds \$100,000 (the "TAX LIABILITY THRESHOLD AMOUNT"). It being agreed and understood that, if such amount is exceeded, the Seller or the Purchaser, as the case may be, shall be liable to the full extent of such Losses, including those not in excess of the Tax Liability Threshold Amount.

(e) Payment by an indemnitor of any amount due under this Section 6.01 shall be made within 30 days following written notice by the indemnitee that payment of such amounts to the appropriate tax authority is due, provided that the indemnitor shall not be required to make any payment earlier than two days before it is due to the appropriate tax authority. If the Seller receives an assessment or other notice of Taxes due with respect to the Company or any of its Subsidiaries for any period ending on or before the Closing Date for which the Seller is not responsible, in whole or in part, pursuant to paragraph (a) of this Section 6.01 because all or part of such Tax was included in an amounts reserved on the 1995 Balance Sheet (including the trial balance sheet relating thereto), and the Seller pays such Tax, then the Purchaser or the Company shall pay to the Seller, in accordance with the first sentence of this Section 6.01(e), the amount of such Tax for which Seller is not responsible under Section 6.01(a). In the case of a Tax that is contested in accordance with the provisions of Section 6.03, payment of such Tax to the appropriate tax authority will not be considered to be due earlier than the date a final determination to such effect is made by the appropriate taxing authority or a court.

SECTION 6.02. REFUNDS AND TAX BENEFITS. (a) The Purchaser shall promptly pay to the Seller any refund or credit (including any interest paid or credited with respect thereto) received by the Purchaser, the Company or any Subsidiary of Taxes (i) relating to taxable periods or portions thereof ending before the Effective Date (but for U.S. Federal corporate income Taxes relating to taxable periods or portions thereof ending on or before the Closing Date) or (ii) attributable to an amount paid by or on behalf of the Seller under Section 6.01 hereof. The Purchaser shall, if the Seller so requests and at the Seller's expense, cause the relevant entity to file for and obtain any refund to which the Seller is entitled under this Section 6.02. The Purchaser shall permit the Seller to control (at the Seller's expense) the prosecution of any such refund claim, and shall cause the relevant

entity to authorize by appropriate power of attorney such persons as the Seller shall designate to represent such entity with respect to such refund claim.

(b) Any amount otherwise payable by the Seller under Section 6.01 shall be reduced by any net Tax benefit (as reduced by any related Tax detriment) realized by the Purchaser, the Company, any Subsidiary or any of their Affiliates in a period or portion thereof ending after the Effective Date or, in the case of U.S. Federal corporate income Tax, after the Closing Date (a "PURCHASER TAX BENEFIT") as a result of either an adjustment to Taxes for which the Seller is responsible under Section 6.01 (such as a timing adjustment resulting in an accelerated Tax deduction for the Company or any Subsidiary for a period after the relevant Date) or a Tax deduction resulting from an indemnifiable payment of Taxes. If a payment is made by the Seller in accordance with Section 6.01, and if in a subsequent taxable year a

Purchaser Tax Benefit that was not previously taken into account pursuant to the preceding sentence to reduce an amount otherwise payable by the Seller under Section 6.01 is realized by the Purchaser, the Company, any Subsidiary or any of their Affiliates, the Purchaser, the Company, any such Subsidiary or any such Affiliate shall pay to the Seller at the time of such realization the amount of such Purchaser Tax Benefit to the extent that the Purchaser Tax Benefit would have resulted in a reduction in the amount paid by the Seller under Section 6.01 if the Purchaser Tax Benefit had been obtained in the year of such payment. Tax benefits and detriments used in computing a Purchaser Tax Benefit will be considered to be realized for purposes of this Section 6.02 and Section 8.03 at the time that they are reflected on a Tax return of the Purchaser, the Company, any Subsidiary or any of their Affiliates.

(c) Neither the Seller nor any Affiliate thereof shall be required to pay to the Purchaser or the Company any refund or credit of Taxes that results from the carryback to any taxable period beginning prior to the Effective Date of any net operating loss, capital loss or tax credit attributable to the Company or any of its Subsidiaries in any taxable period beginning on or after the Effective Date.

SECTION 6.03. CONTESTS. (a) After the Closing Date, the Purchaser shall notify the Seller in writing promptly and in any event within 60 days of the commencement of any Tax audit or administrative or judicial proceeding or of any demand or claim on the Purchaser or the Company or a Subsidiary which, if determined adversely to the taxpayer or after the lapse of time would be grounds for indemnification under Section 6.01. Such notice shall contain factual information (to the extent known to the Purchaser or the Company or a Subsidiary) describing the asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any taxing authority in respect thereof. If the Purchaser fails to give the Seller notice within 60 days as required by this Section 6.03 (or not later than 20 days if necessary for the Seller to adequately contest an asserted Tax liability), then the Seller shall not have any obligation to indemnify for any loss arising out of such asserted Tax liability.

(b) The Seller may elect to direct, through counsel of its own choosing and at its own expense, any audit, claim for refund and administrative or judicial proceeding

involving any asserted liability with respect to which indemnity may be sought from the Seller under Section 6.01, or, if indemnity may be sought from the Seller only in respect of a portion of any such audit, claim for refund or administrative or judicial proceeding, and if such portion may be severed from the balance thereof, then the Seller's right to direct shall relate only to such portion thereof (any such audit, claim for refund or proceeding or, if applicable, any such portion thereof is referred to herein as a "CONTEST"). If the Seller elects to direct a Contest, it shall within 30 calendar days of receipt of the notice of asserted Tax liability notify the Purchaser of its intent to do so, and the Purchaser shall cooperate and shall cause the Company and/or the appropriate Subsidiaries to cooperate (with the Seller bearing the reasonable cost of outside professional fees and outside disbursements), in each phase of such Contest. If the Seller elects not to direct the Contest, fails to notify the Purchaser of its election as herein provided or contests its obligation to indemnify under Section 6.01, the Purchaser or the Company and/or the appropriate Subsidiary shall take such reasonable steps as may be prudent and within its capacity (with due allowance being given to the circumstances) to preserve the right of the relevant entity to contest such asserted Tax liability, may pay, compromise or contest, such asserted Tax liability and shall be reimbursed by the Seller for the reasonable cost of outside professionals and outside disbursements incurred pursuant to this sentence to the extent attributable to a Tax liability indemnifiable by the Seller hereunder. However, in each such case, neither the Purchaser nor the Company nor the Subsidiary may settle or compromise any asserted Tax liability over the objection of the Seller; PROVIDED, HOWEVER, that consent to settlement or compromise shall not be unreasonably withheld. If the Purchaser or any Company or Subsidiary assumes control of a Contest with respect to Taxes pursuant to the foregoing, provided that the Seller has acted in good faith, the Seller shall retain the right, at any time thereafter and immediately upon notice to the entity that shall have assumed control of such Contest, itself to assume, at the Seller's

expense, sole direction and control of such Contest. In such event, each of the Purchaser (or any Company or Subsidiary) and the Seller may participate, at its own expense, in the Contest. If the Seller chooses to direct the Contest, the Purchaser shall promptly empower and shall cause the Company and/or the appropriate Subsidiaries promptly to empower (by power of attorney and such other documentation as may be necessary and appropriate) such representatives of the Seller as it may designate to represent the Purchaser or the Company and/or the Subsidiaries in the Contest insofar as the Contest involves an asserted Tax liability for which the Seller could be liable under Section 6.01.

SECTION 6.04. PREPARATION OF TAX RETURNS. The Seller shall prepare and timely file all Returns relating to the Company and the Subsidiaries for any period ending on or before the Closing Date. The Purchaser shall prepare or cause the Company to prepare and timely file all Returns relating to the Company or any of its Subsidiaries for any period ending after the Closing Date (but excluding any 1996 combined, unitary or consolidated Return of which Seller is a member). Returns in respect of a Straddle Period shall be prepared on a basis consistent with those prepared for prior tax years unless a different treatment of any item is required by an intervening change in law. The Purchaser shall furnish the Seller with a copy of any Straddle Period Return at least 20 days before the anticipated filing date thereof and shall consider all comments made by the Seller with respect thereto in good faith.

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SECTION 6.05. SECTION 338(H)(10) ELECTION. (a) The Seller and the Purchaser shall jointly and timely make the Elections and any elections under state or local tax law comparable to the Elections with respect to the Company and the Subsidiaries. The Seller and the Purchaser shall cooperate with each other to take all other actions necessary and appropriate (including filing such forms, returns, elections, schedules and other documents as may be required) to effect and preserve timely Elections in accordance with the provisions of Treasury Regulation Sections 1.338-1 and 1.338(h)(10)-1 (or any comparable provisions of state or local tax law) or any successor provisions. The Seller and the Purchaser shall report the sale and acquisition, respectively, of the stock of the Company and the Subsidiaries pursuant to this Agreement consistently with the Elections (and any comparable elections under state or local tax law).

(b) On or prior to the last day of the seventh month beginning after the month that includes the Closing Date, (i) the Seller and the Purchaser shall agree on the form and content of the IRS Forms 8023-A (the "FORMS 8023-A") on which the Elections shall be made, (ii) the Purchaser shall provide to the Seller a proposed determination of the Modified Aggregate Deemed Sale Price (as defined under applicable Treasury Regulations) with respect to the Company and each of the Domestic Subsidiaries, and the Aggregate Deemed Sales Price (as defined under applicable Treasury Regulations) with respect to each of the Foreign Subsidiaries, and (iii) the Purchaser shall provide to the Seller a proposed allocation of each such Modified Aggregate Deemed Sales Price among the assets of the Company and the Domestic Subsidiaries, and of each such Aggregate Deemed Sales Price among the assets of the Foreign Subsidiaries, which allocations shall be made in accordance with Section 338(b) of the Code and any applicable Treasury Regulations. Within 10 days thereafter, the Purchaser and the Seller, respectively, shall have the right to object to any such determination or allocation. If a party objects to any such determination or allocation, the parties shall resolve their dispute by jointly designating a mutually agreeable law firm or accounting firm, which shall make the determination. The Seller and the Purchaser (i) shall be bound by the allocations determined pursuant to this paragraph for purposes of determining any Taxes; (ii) shall prepare and file all Returns to be filed with any taxing authority in a manner consistent with such allocations; and (iii) shall take no position inconsistent with such allocations in any Return, any proceeding before any taxing authority or otherwise. In the event that any such allocation is disputed by any taxing authority, the party receiving notice of such dispute shall promptly notify and consult with the other party hereto concerning resolution of such dispute.

SECTION 6.06. COOPERATION AND EXCHANGE OF INFORMATION. Following the Closing, the Seller and the Purchaser shall provide each other, and the

Purchaser shall cause the Company to provide the Seller, with such cooperation and information as reasonably may be requested in filing any Tax return, amended return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes or participating in or conducting any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax returns or portions thereof, together with accompanying schedules and related work papers and documents relating to rulings or other determinations by taxing authorities. Each of the Seller, the Purchaser and the Company shall make its

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employees available on a mutually convenient basis to provide explanations of any documents or information provided hereunder. The Seller, on the one hand, and the Purchaser and the Company, on the other, shall retain all returns, schedules and work papers and all material records or other documents that are in its possession immediately following the Closing, or created by or on behalf of it thereafter, relating to Tax matters of the Company and the Subsidiaries for the taxable period of each relevant jurisdiction first ending after the Closing Date and for all prior taxable periods until the later of (i) the expiration of the statute of limitations of the taxable periods to which such returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods, or (ii) eight years following the due date (without extension) for such returns. Any information obtained under this Section 6.06 shall be kept confidential, except as may be otherwise necessary in connection with the filing of returns or claims for refund or in conducting an audit or other proceeding.

SECTION 6.07. CONVEYANCE TAXES. Notwithstanding any provision herein to the contrary, the Purchaser agrees to assume liability for and to pay all sales, transfer, stamp, stock transfer, real property transfer or gains and similar Taxes incurred as a result of the sale of the Shares contemplated hereby (but expressly excluding any such Tax resulting from the Elections). Prior to the filing of any Returns for such Taxes, the Seller and the Purchaser shall agree upon the portion of the Modified Aggregate Deemed Sales Price or Aggregate Deemed Sales Price, as the case may be, to be allocated to the assets that are the subject of such Returns, which allocation shall be binding for purposes of Section 6.05 herein.

SECTION 6.08. SAFE HARBOR LEASE CONSENTS/FILINGS. The Purchaser agrees that, as to any of the properties which is subject to a Safe Harbor Lease, transfer of the Seller's interest in such properties to Purchaser will be subject to, and Purchaser shall take subject to, the applicable Safe Harbor Lease. Purchaser agrees to assume all obligations of Seller under said Safe Harbor Leases, to execute such documents as requested by the Tax Lessors evidencing Purchaser's agreement to take subject to and assume said Safe Harbor Leases, and agrees to make such filings with, and furnish such information to, the Tax Lessor and the IRS, respectively, as may be required or appropriate with respect to the Safe Harbor Leases.

SECTION 6.09. EXTINGUISHMENT OF TAX ALLOCATION AGREEMENTS. Any and all existing agreements relating to the allocation of sharing of Taxes between the Company or any of the Subsidiaries and any member of the affiliated group, within the meaning of Section 1504(a) of the Internal Revenue Code, of which the Seller is a member shall be terminated as of December 31, 1995 (or any later date prior to the Closing Date), with none of the Company, the Subsidiaries or any member of such affiliated group having any further rights or obligations under any such tax sharing agreement thereafter.

SECTION 6.10. MISCELLANEOUS. (a) The parties agree to treat all payments made under this Article VI, under any other indemnity provision contained in this Agreement, and for any misrepresentations or breach of warranties or covenants as

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adjustments to the Purchase Price for Tax purposes and such treatment shall govern for purposes hereof.

(b) Except as expressly provided otherwise and except for the representations contained in Section 3.15 of this Agreement, this Article VI shall be the sole provision governing Tax matters and indemnities therefor under this Agreement.

(c) For purposes of this Article VI, all references to the Purchaser, the Seller, the Company or the Subsidiaries include successors.

(d) The covenants and agreements of the parties hereto contained in this Article VI shall survive the Closing and shall remain in full force and effect until the expiration of all statutes of limitations with respect to any Taxes that would be indemnifiable by the Seller under Section 6.01(a) of this Agreement or by the Purchaser under Section 6.01(b) of this Agreement.

ARTICLE VII

CONDITIONS TO CLOSING

SECTION 7.01. CONDITIONS TO OBLIGATIONS OF THE SELLER. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) HSR ACT. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Shares contemplated hereby shall have expired or shall have been terminated;

(b) NO ORDER. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting consummation of such transactions;

(c) CONSENTS. The bank consent referred to in Section 3.10 of the Disclosure Schedule shall have been obtained or made, and shall be in full force and effect at the time of Closing; PROVIDED, HOWEVER, that if this condition is not satisfied by September 30, 1996 it shall be deemed to have been irrevocably waived by the Seller; and

(d) COVENANTS. The Purchaser shall have performed and complied with all of its covenants and agreements under this Agreement required to be performed or complied with by it prior to or at the Closing; provided that the noncompliance with a covenant or agreement shall not constitute a failure of the condition contained in this Section 7.01(d) if such failure, both alone and in conjunction with all other such

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failures, would not have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement and the Seller shall have received a certificate signed by a duly authorized officer of the Purchaser to such effect.

SECTION 7.02. CONDITIONS TO OBLIGATIONS OF THE PURCHASER. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) HSR ACT. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Shares contemplated hereby shall have expired or shall have been terminated;

(b) NO ORDER. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting consummation of such transactions;

(c) CONSENTS. All consents, approvals, orders, authorizations and waivers of, and all declarations, filings and registrations with, third parties (including Governmental Authorities) required to be obtained or made by or on the part of the Seller, the Company or any Subsidiary, or otherwise reasonably necessary on the part of the Seller, the Company or

any Subsidiary for the consummation of the transactions contemplated hereby, shall have been obtained or made, and all of the foregoing shall be in full force and effect at the time of Closing, provided, that the failure to obtain or make any of the foregoing shall not constitute a failure of the condition contained in this Section 7.02(c) if such failure, both alone and in conjunction with all other such failures, would not have a Material Adverse Effect; and

(d) COVENANTS. The Seller shall have performed and complied with all of its covenants and agreements under this Agreement required to be performed or complied with by it prior to or at the Closing; provided that the noncompliance with a covenant or agreement shall not constitute a failure of the condition contained in this Section 7.02(d) if such failure, both alone and in conjunction with all other such failures, would not have a Material Adverse Effect and the Purchaser shall have received a certificate signed by a duly authorized officer of the Seller to such effect.

ARTICLE VIII

INDEMNIFICATION

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SECTION 8.01. SURVIVAL. Subject to the limitations and other provisions of this Agreement, the representations, warranties, covenants and agreements of the parties hereto contained herein shall survive the Closing and shall remain in full force and effect, until December 31, 1997, regardless of (i) any investigation made at any time by or on behalf of the Seller or the Purchaser or (ii) the discovery by a party (whether through its own investigation, the disclosure by the other party (other than pursuant to the Disclosure Schedule) or otherwise) prior to the Closing of any event, occurrence, condition or circumstances that might constitute a breach of or inaccuracy in the representations and warranties made by the other party, PROVIDED, HOWEVER, that the covenants and agreements set forth in Sections 5.02(b), 5.02(c), 5.03, 5.05, 5.07 and 5.09 and Articles VI, VIII and X shall remain in full force and effect for the applicable periods specified in the respective Sections or Articles or, if no such period is specified, indefinitely.

SECTION 8.02. INDEMNIFICATION BY THE PURCHASER. (a) The Purchaser agrees, subject to the other terms and conditions of this Agreement and without gross-up for Taxes, to indemnify the Seller against and hold the Seller harmless from all Losses to the Seller arising out of (i) the breach of any representation, warranty, covenant or agreement of the Purchaser herein (other than Article VI, it being understood that the sole remedy for breach thereof shall be pursuant to Article VI) and (ii) the conduct of the Business by the Purchaser following the Closing. Anything in Section 8.01 to the contrary notwithstanding, no claim may be asserted nor may any action be commenced against the Purchaser for breach of any representation, warranty, covenant or agreement contained herein, unless written notice of such claim or action (or facts which may be reasonably expected to form the basis for any claim or action) is received by the Purchaser describing in detail the facts and circumstances with respect to the subject matter of such claim or action (or potential claim or action) on or prior to the date on which the representation, warranty, covenant or agreement on which such claim or action (or potential claim or action) is based ceases to survive as set forth in Section 8.01.

(b) The indemnification obligations of the Purchaser pursuant to Section 8.02(a)(i) shall not be effective until the aggregate dollar amount of all Losses which would otherwise be indemnifiable pursuant to Section 8.02(a)(i) exceeds \$10,000,000 (the "PURCHASER'S THRESHOLD AMOUNT") it being agreed and understood that, if such amount is exceeded, the Purchaser shall be liable to the full extent of such Losses, including those not in excess. In addition, no claim may be made against the Purchaser for indemnification pursuant to Section 8.02(a)(i) with respect to any individual item of Loss, unless such item exceeds \$50,000, nor shall any such item be applied to or considered part of the Purchaser's Threshold Amount. The indemnification obligations of the Purchaser pursuant to Section 8.02(a)(i) shall be effective only until the dollar amount paid in respect of the Losses indemnified against aggregate to an amount equal to ten percent (10%) of the

Purchase Price. For the purposes of this Section 8.02(b), in computing such individual or aggregate amounts of claims, the amount of each claim shall be deemed to be an amount (i) net of any Tax benefit (as reduced by any related Tax detriment) to the Seller or any Affiliate thereof, and (ii) net of any insurance proceeds and any indemnity, contribution or other similar payment actually recovered by the Seller or any Affiliate from any third party with respect thereto.

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(c) If a payment is made by the Purchaser in accordance with this Section 8.02, and if in a subsequent taxable year a Tax benefit (net of any related Tax detriment) is realized by the Seller or any Affiliate of the Seller with which the Seller files a consolidated, combined or unitary Tax return (that was not previously taken into account to reduce an amount otherwise payable by the Purchaser under Section 8.02), the Seller shall pay to the Purchaser at the time of such realization the amount of such net Tax benefit to the extent that the net Tax benefit would have resulted in a reduction in the amount paid by the Purchaser under Section 8.02 if the Tax benefit had been obtained in the year of such payment. A Tax benefit (or detriment) will be considered to be realized for purposes of this Section 8.02 at the time that it is reflected on a Tax return of the Seller or any Affiliate of the Seller with which the Seller files a consolidated, combined or unitary Tax return.

(d) The Seller agrees to give the Purchaser written notice of any claim, assertion, event or proceeding by or in respect of a third party as to which it may request indemnification hereunder or as to which the Purchaser's Threshold Amount may be applied as soon as is practicable and in any event within 30 days of the time that the Seller learns of such claim, assertion, event or proceeding; PROVIDED, HOWEVER, that the failure to so notify the Purchaser shall not affect rights to indemnification hereunder except to the extent that the Purchaser is actually prejudiced by such failure. The Purchaser shall have the right to direct, through counsel of its own choosing, the defense or settlement of any such claim or proceeding at its own expense. If the Purchaser elects to assume the defense of any such claim or proceeding, the Seller may participate in such defense, but in such case the expenses of the Seller shall be paid by the Seller. The Seller shall provide the Purchaser with access to its records and personnel relating to any such claim, assertion, event or proceeding during normal business hours and shall otherwise cooperate with the Purchaser in the defense or settlement thereof, and the Purchaser shall reimburse the Seller for all its reasonable out-of-pocket expenses in connection therewith. If the Purchaser elects to direct the defense of any such claim or proceeding, the Seller shall not pay, or permit to be paid, any part of any claim or demand arising from such asserted liability, unless the Purchaser consents in writing to such payment, which consent shall not be unreasonably withheld, or unless the Purchaser, subject to the last sentence of this Section 8.02(d), withdraws from the defense of such asserted liability, or unless a final judgment from which no appeal may be taken by or on behalf of the Purchaser is entered against the Seller for such liability. If the Purchaser shall fail to defend, or if, after commencing or undertaking any such defense, the Purchaser fails to prosecute or withdraws from such defense, the Seller shall have the right to undertake the defense or settlement thereof, at the Purchaser's expense. If the Seller assumes the defense of any such claim or proceeding pursuant to this Section 8.02(d) and proposes to settle such claim or proceeding prior to a final judgment thereon or to forego appeal with respect thereto, then the Seller shall give the Purchaser prompt written notice thereof and the Purchaser shall have the right to participate in the settlement or assume or reassume the defense of such claim or proceeding.

(e) The Seller hereby acknowledges and agrees that, from and after the Closing, its sole and exclusive remedy with respect to any and all claims relating to the subject matter of this Agreement (other than Sections 2.03, 5.02(b) and (c), 5.07, 10.01 and

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10.10) shall be pursuant to the indemnification provisions set forth in this Article VIII and in Article VI. In furtherance of the foregoing, the Seller hereby waives, to the fullest extent permitted under applicable law, any and

all other rights, claims and causes of action it may have, from and after the Closing, against the Purchaser or its officers, directors, employees, agents, representatives and Affiliates relating to the subject matter of this Agreement.

(f) Except as set forth in this Agreement, the Purchaser is not making any representation, warranty, covenant or agreement with respect to the matters contained herein. Notwithstanding anything to the contrary contained in this Agreement, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of the Seller, after the consummation of the purchase and sale of the Shares contemplated by this Agreement, to rescind this Agreement or any of the transactions contemplated hereby.

(g) Notwithstanding anything to the contrary contained in this Agreement, the Purchaser shall have no liability under any provision of this Agreement for and in no event shall the Purchaser's Threshold Amount be applied to any special, consequential or punitive damages (except to the extent recovered from the Seller by a third party). The Seller shall take all reasonable steps to mitigate its Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any Losses.

SECTION 8.03. INDEMNIFICATION BY THE SELLER. (a) The Seller agrees, subject to the other terms and conditions of this Agreement and without gross-up for Taxes, to indemnify the Purchaser against and hold it harmless from (i) all Losses to the Purchaser arising out of the breach of any representation, warranty, covenant or agreement of the Seller herein (other than Section 3.15 and Article VI, it being understood that the sole remedy for breach of such provisions shall be pursuant to Article VI) and (ii) all Losses up to a maximum of \$4 million with respect to any claim or action commenced on or prior to December 31, 1998, based on the method of payment of royalties or proceeds of sales on behalf of other working interest owners by the Company or any Subsidiary prior to the Closing based on "posted" prices (it being understood that this Section 8.03(a)(ii) is the exclusive remedy with respect to any such Losses). Anything in Section 8.01 to the contrary notwithstanding, no claim may be asserted nor any action commenced against the Seller for breach of any representation, warranty, covenant or agreement contained herein, unless written notice of such claim or action (or the facts which may be reasonably expected to form the basis for any claim or action) is received by the Seller describing in detail the facts and circumstances with respect to the subject matter of such claim or action (or potential claim or action) on or prior to the date on which the representation, warranty, covenant or agreement on which such claim or action (or potential claim or action) is based ceases to survive as set forth in Section 8.01.

(b) The indemnification obligations of the Seller pursuant to Section 8.03(a)(i) shall not be effective until the aggregate dollar amount of all Losses which would otherwise be indemnifiable pursuant to Section 8.03(a)(i) exceeds \$10,000,000 (the "SELLER'S THRESHOLD AMOUNT"), it being agreed and understood that, if such amount is exceeded, the

Seller shall be liable to the full extent of such Losses, including those not in excess of the Seller's Threshold Amount. In addition, no claim may be made against the Seller for indemnification pursuant to Section 8.03(a)(i) with respect to any individual item of Loss, unless such item exceeds \$50,000, nor shall any such item be applied to or considered part of the Seller's Threshold Amount. The indemnification obligations of the Seller pursuant to Section 8.03(a)(i) and (ii) shall be effective only until the dollar amount paid in respect of the Losses indemnified against thereunder aggregates to an amount equal to ten percent (10%) of the Purchase Price. The Purchaser covenants and agrees with the Seller that none of the Purchaser, the Company nor any of their respective Affiliates will attempt to induce or persuade a third party or Governmental Authority to bring, or disclose or notify a third party or Governmental Authority of, any claim that such third party or Governmental Authority may have against the Purchaser, the Company or any Subsidiary if such claim would be subject to indemnification by the Seller under Section 8.03(a)(ii) under this Agreement. For the purposes of this Section 8.03(b), in computing such individual or aggregate amounts of claims, the amount of each claim shall be deemed to be an amount (i) net of any Purchaser Tax Benefit and (ii) net of any insurance proceeds and any

indemnity, contribution or other similar payment actually recovered by the Purchaser or any Affiliate from any third party with respect thereto.

(c) If a payment is made by the Seller in accordance with this Section 8.03, and if in a subsequent taxable year a Purchaser Tax Benefit is realized by the Purchaser, the Company, or any Subsidiary or any Affiliate of the Purchaser, the Company or any Subsidiary with which the Company or any Subsidiary files a consolidated, combined or unitary Tax return (that was not previously taken into account to reduce an amount otherwise payable by the Seller under Section 8.03), the Purchaser, the Company, any such Subsidiary or any Affiliate of the Purchaser, the Company or any Subsidiary with which the Company or any Subsidiary files a consolidated, combined or unitary Tax return shall pay to the Seller at the time of such realization the amount of such Purchaser Tax Benefit to the extent that the Purchaser Tax Benefit would have resulted in a reduction in the amount paid by the Seller under this Section 8.03 if the Purchaser Tax Benefit had been obtained in the year of such payment.

(d) (i) The Purchaser agrees to give the Seller written notice of any claim, assertion, event or proceeding by or in respect of a third party as to which it may request indemnification hereunder or as to which the Seller's Threshold Amount may be applied as soon as is practicable and in any event within 30 days of the time that the Purchaser learns of such claim, assertion, event or proceeding; PROVIDED, HOWEVER, that the failure to so notify the Seller shall not affect rights to indemnification hereunder except to the extent that the Seller is actually prejudiced by such failure. The Seller shall have the right to direct, through counsel of its own choosing, the defense or settlement of any such claim or proceeding at its own expense, except for any claim pursuant to Section 8.03(a)(ii) which Purchaser shall have the right to so direct. If the Seller elects to assume the defense of any such claim or proceeding, the Purchaser may participate in such defense, but in such case the expenses of the Purchaser shall be paid by the Purchaser. The Purchaser shall provide the Seller with access to its records and personnel relating to any such claim, assertion, event or

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proceeding during normal business hours and shall otherwise cooperate with the Seller in the defense or settlement thereof, and the Seller shall reimburse the Purchaser for all its reasonable out-of-pocket expenses in connection therewith. If the Seller elects to direct the defense of any such claim or proceeding, the Purchaser shall not pay, or permit to be paid, any part of any claim or demand arising from such asserted liability unless the Seller consents in writing to such payment, which consent shall not be unreasonably withheld, or unless the Seller, subject to the last sentence of this Section 8.03(d)(i), withdraws from the defense of such asserted liability or unless a final judgment from which no appeal may be taken by or on behalf of the Seller is entered against the Purchaser for such liability. If the Seller shall fail to defend, or if after commencing or undertaking any such defense, fail to prosecute or withdraws from such defense, the Purchaser shall have the right to undertake the defense or settlement thereof, at the Seller's expense. If the Purchaser assumes the defense of any such claim or proceeding pursuant to this Section 8.03(d)(i) and proposes to settle such claim or proceeding prior to a final judgment thereon or to forego any appeal with respect thereto, then the Purchaser shall give the Seller prompt written notice thereof and the Seller shall have the right to participate in the settlement or assume or reassume the defense of such claim or proceeding.

(ii) The Purchaser agrees to give the Seller written notice of any claim, assertion, event or proceeding by or in respect of a third party as to which it may request indemnification pursuant to Section 8.03(a)(ii) as soon as is practicable and in any event within 30 days of the time that the Purchaser learns of such claim, assertion, event or proceeding; PROVIDED, HOWEVER, that the failure to so notify the Seller shall not affect rights to indemnification hereunder except to the extent that the Seller is actually prejudiced by such failure. The Purchaser shall have the right to direct, through counsel of its own choosing, the defense or settlement of any claim pursuant to Section 8.03(a)(ii). If the Purchaser elects to assume the defense of any such claim or proceeding, the Seller may participate in such defense at its own expense.

(e) The Purchaser hereby acknowledges and agrees that, from and after the Closing, its sole and exclusive remedy with respect to any and all

claims relating to the subject matter of this Agreement (other than Sections 2.03, 5.02(b) and (c), 5.07, 5.09, 5.10, 10.01 and 10.10) shall be pursuant to the indemnification provisions set forth in this Article VIII and in Article VI. In furtherance of the foregoing, the Purchaser hereby waives on its behalf and on behalf of its Affiliates and their successors, from and after the Closing, to the fullest extent permitted under applicable law, any and all other rights, claims and causes of action it (or, after the Closing, the Company or any Subsidiary) may have against the Seller or its officers, directors, employees, agents, representatives and Affiliates relating to the subject matter of this Agreement, the Company or the Company's operations, including without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act and any similar federal or state laws whether or not in existence on the date hereof.

(f) Except as set forth in this Agreement, the Seller is not making any representation, warranty, covenant or agreement with respect to the matters contained herein.

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Anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of the Purchaser, after the consummation of the purchase and sale of the Shares contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

(g) Notwithstanding anything to the contrary contained in this Agreement, the Seller shall have no liability under any provision of this Agreement for and in no event shall the Seller's Threshold Amount be applied to: any special, consequential or punitive damages (except to the extent recovered from the Purchaser, the Company, any Subsidiary, or their respective Affiliates after the Closing Date by a third party). The Purchaser shall take and shall cause the Company and the Subsidiaries to take all reasonable steps to mitigate their Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any Losses.

(h) For the purposes of this Agreement, the Loss associated with any breach of or inaccuracy in the representation and warranty set forth in Section 3.12(b) (any such breach or inaccuracy being called a "TITLE DEFECT") shall be computed as follows:

(i) If, because of the Title Defect, title to any particular Property fails completely with the effect that the Company or any Subsidiary has no ownership interest in the Property to which an individual value is assigned, the value of the Title Defect shall be the allocated value for that Property set forth in the Allocation Schedule.

(ii) If the Title Defect consists of a lien, encumbrance or other charge upon a Property that is liquidated in amount, the value of the Title Defect shall be the amount necessary to pay the obligee to remove such Title Defect.

(iii) If the Company's or any Subsidiary's actual percentage Net Revenue Interest is less than the percentage Net Revenue Interest set forth in the Property Schedule for a Property, the value of the Title Defect shall be an amount equal to (A) the ratio of (1) the difference between the percentage Net Revenue Interest on the Property Schedule and the actual percentage Net Revenue Interest to (2) the percentage Net Revenue Interest on the Property Schedule multiplied by (B) the allocated value for such Property set forth in the Allocation Schedule.

(iv) If the Company's or any Subsidiary's actual percentage Working Interest is greater than the percentage Working Interest set forth in the Property Schedule for a Property (without a corresponding increase in the Net Review Interest for such Property), the value of the Title Defect shall be an amount equal to (A) the ratio of (1) the difference between the actual percentage Working Interest and the percentage Working Interest on the Property Schedule to (2) the percentage Working Interest on the Property Schedule multiplied by (B) the allocated value for such Property set forth in the Allocation Schedule

(v) If (A) there are any Title Defects (other than those described in Section 8.03(h) (i) through (iv)), (B) any Property does not have an allocated value set forth in the Allocation Schedule or (C) the Seller and the Purchaser cannot agree as to whether the fact or circumstance constitutes a Title Defect, then the value of such other Title Defects (if any) shall be computed as follows. The Seller and the Purchaser shall meet for the purpose of negotiating in good faith in an attempt to agree upon the value, if any, of any such other Title Defects. In the event that the Seller and the Purchaser are not able to agree on such value, they shall mutually select and engage an independent third party knowledgeable with respect to the issues involved (the "TITLE ARBITRATOR") for the purpose of (1) determining the validity of such other alleged Title Defects and (2) determining the aggregate value of such other Title Defects. The Title Arbitrator shall have the authority to retain any experts that are, in its discretion, necessary to assist it in performing its duties. The costs and expenses of the Title Arbitrator, including any costs and expenses incurred to retain any experts, shall be borne equally by the Seller and the Purchaser.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

SECTION 9.01. TERMINATION. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of the Seller and the Purchaser;

(b) by either the Seller or the Purchaser, if any Governmental Authority with jurisdiction over such matters shall have issued a Governmental Order restraining, enjoining or otherwise prohibiting the sale of the Shares hereunder and such order, decree, ruling or other action shall have become final and unappealable, other than any Governmental Order that would not have been issued, or would cease to prevent the sale of the Shares, if the Purchaser had complied with its obligations under Section 5.04(b); PROVIDED, HOWEVER, that the provisions of this Section 9.01(b) shall not be available to any party unless such party shall have used its Best Efforts to oppose any such Governmental Order or to have such Governmental Order vacated or made inapplicable to the transactions contemplated by this Agreement; or

(c) by either the Seller or the Purchaser, if the Closing shall not have occurred prior to October 31, 1996; PROVIDED, HOWEVER, that the right to terminate this Agreement under this Section 9.01(c) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date.

Time shall be of the essence in this Agreement.

SECTION 9.02. EFFECT OF TERMINATION. In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except (a) as set forth in Sections 3.20, 4.07, 5.03 and 10.01 and (b) that nothing herein shall relieve either party from liability for any willful breach hereof.

SECTION 9.03. WAIVER. At any time prior to the Closing, either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby.

ARTICLE X

GENERAL PROVISIONS

SECTION 10.01. EXPENSES. All costs and expenses incurred by the Seller and its Affiliates (including the Company and any Subsidiary), including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Seller, whether or not the Closing shall have occurred. All costs and expenses incurred by the Purchaser, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Purchaser, whether or not the Closing shall have occurred. All costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and filing with the Securities and Exchange Commission on March 13, 1996 of the Registration Statement on Form S-1 (No. 33-2326) of the Company shall be borne and paid by Seller.

SECTION 10.02. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

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(a) if to the Seller:

Enterprise Diversified Holdings Incorporated
1 Riverfront Plaza, 9th Floor
Newark, New Jersey 07102
Attention: Madeleine W. Ludlow, Vice President
and Treasurer
Telecopier: (201) 596-6705
Telephone: (201) 596-6726

with copies to:

Public Service Enterprise Group Incorporated
80 Park Plaza, T5A
Newark, New Jersey 07101
Attention: R. Edwin Selover, Esq., Vice President
and General Counsel
Telecopier: (201) 639-0741
Telephone: (201) 430-6450

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Attention: David W. Heleniak, Esq.
Telecopier: (212) 848-7179
Telephone: (212) 848-7049

(b) if to the Purchaser:

Samedan Oil Corporation
110 West Broadway
P.O. Box 909
Ardmore, Oklahoma 73402
Attention: Orville Walraven
Telecopier: (405) 221-1364
Telephone: (405) 223-4110

with a copy to:

Thompson & Knight, P.C.
1700 Pacific Avenue
Suite 3300
Dallas, Texas 75201
Attention: Harold F. Kleinman, Esq. and Michael L. Bengtson, Esq.

Telecopier: (214) 969-1751
Telephone: (214) 969-1351

SECTION 10.03. PUBLIC ANNOUNCEMENTS. Unless otherwise required by applicable Law or any obligations pursuant to any listing agreement with a National Securities Exchange, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without prior notification to the other party, and the parties shall cooperate as to the timing and contents of any such announcement.

SECTION 10.04. HEADINGS. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.05. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

SECTION 10.06. ENTIRE AGREEMENT. This Agreement (including Schedules hereto) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, other than the Confidentiality Agreement, between the Seller and the Purchaser with respect to the subject matter hereof and except as otherwise expressly provided herein.

SECTION 10.07. ASSIGNMENT. Neither this Agreement nor any of the rights and obligations of the parties hereunder may be assigned by either of the parties hereto without the prior consent of the other party hereto, except that the Purchaser may assign any or all of its rights and/or obligations hereunder to any of its direct or indirect wholly-owned subsidiaries and any such subsidiary may assign such rights and/or obligations to another direct or indirect wholly-owned subsidiary of the Purchaser or to the Purchaser. Notwithstanding the foregoing, the Purchaser shall remain liable for all of its obligations under this Agreement. Subject to the first sentence of this Section 10.07, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and no other Person shall have any right, obligation or benefit hereunder.

SECTION 10.08. NO THIRD-PARTY BENEFICIARIES. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 10.09. WAIVERS AND AMENDMENTS. This Agreement may be amended or modified, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any other right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive

of any rights or remedies which any party may otherwise have at Law or in equity.

SECTION 10.10. SPECIFIC PERFORMANCE. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement required to be performed prior to the Closing were not performed in accordance with their specific terms or conditions or were otherwise breached, and that money damages are an inadequate remedy for any breaches thereof because of the difficulty of ascertaining and quantifying the amount of damage that will be suffered by the parties hereto in the event that such provisions are not performed in accordance with their terms or are otherwise breached. It is accordingly hereby agreed that the parties hereto shall be entitled to an injunction or injunctions to restrain, enjoin and prevent breaches and violations of any of the provisions

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contained in this Agreement by the other party and to enforce specifically the terms and provisions hereof in any court of the United States or any state having competent jurisdiction, such remedy being in addition to and not in lieu of, any other rights and remedies to which the other parties are entitled to at law or in equity.

SECTION 10.11. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas applicable to contracts executed in and to be performed in that State. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in a Texas state or federal court sitting in Harris County, and the parties hereto hereby irrevocable submit to the exclusive jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding.

SECTION 10.12. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ENTERPRISE DIVERSIFIED HOLDINGS
INCORPORATED

By /s/ E. James Ferland

Name: E. James Ferland
Title: Chairman of the Board and
Chief Executive Officer

SAMEDAN OIL CORPORATION

By /s/ Robert Kelley

Name: Robert Kelley
Title: President and
Chief Executive Officer

U.S. \$800,000,000

CREDIT AGREEMENT,

dated as of July 31, 1996

among

NOBLE AFFILIATES, INC.,

as the Borrower,

and

CERTAIN COMMERCIAL LENDING INSTITUTIONS,

as the Lenders,

and

UNION BANK OF SWITZERLAND
Houston Agency,
as the Agent for the Lenders

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of July 31, 1996, among NOBLE AFFILIATES, INC., a Delaware corporation (the "BORROWER"), the various financial institutions as are or may become parties hereto (collectively, the "LENDERS"), and UNION BANK OF SWITZERLAND, Houston Agency ("UBS"), as agent (the "AGENT") for the Lenders,

W I T N E S S E T H:

WHEREAS, the Borrower is engaged through its various Subsidiaries in the business of oil, gas and energy exploration, production, marketing and development; and

WHEREAS, pursuant to that certain Stock Purchase Agreement dated as of July 1, 1996 (as may be amended, supplemented, restated or otherwise modified from time to time, the "STOCK PURCHASE AGREEMENT") between Energy Diversified Holdings Incorporated, a New Jersey corporation ("EDHI"), as seller, and Samedan Oil Corporation, a Delaware corporation and a wholly-owned Subsidiary of the Borrower ("SOC"), as buyer, SOC intends to purchase all of the issued and outstanding common shares of Energy Development Corporation, a New Jersey corporation ("EDC") (the purchase of all issued and outstanding shares of EDC by SOC referred to herein as the "ACQUISITION"); and

WHEREAS, the Lenders are willing, on the terms and conditions hereinafter set forth in this Agreement (including ARTICLE V), to make available to the Borrower a term loan facility and a revolving credit facility with a competitive bid subfacility; and

WHEREAS, the proceeds of the Term Loans, Revolving Loans and the

Competitive Bid Loans will be used to (a) fund an intercompany loan from the Borrower to SOC in an amount up to \$800,000,000 for the purpose of making the Acquisition, (b) make payment of the Indebtedness to be Paid (as herein defined) of the Borrower and its Subsidiaries (including payment of those amounts described in SECTION 5.1.11), and (c) in the case of the Revolving Facility, for general corporate purposes of the Borrower and its Subsidiaries;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 DEFINED TERMS. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"ABSOLUTE RATE" means, with respect to a Competitive Bid Loan made by a particular Lender for the relevant Absolute Rate Interest Period, the rate of interest per annum (rounded to the nearest 1/100 of 1%) offered by such Lender and accepted by the Borrower pursuant to SECTION 2.2.6(ii).

"ABSOLUTE RATE ADVANCE" means a borrowing hereunder consisting of the aggregate amount of the several Absolute Rate Loans made by some or all of the Lenders to the Borrower at the same time and for the same Absolute Rate Interest Period.

"ABSOLUTE RATE AUCTION" means a solicitation of Competitive Bid Quotes setting forth Absolute Rates pursuant to SECTION 2.2.

"ABSOLUTE RATE INTEREST PERIOD" means, with respect to an Absolute Rate Advance or an Absolute Rate Loan, a period of not less than 14 and not more than 90 days commencing on a Business Day selected by the Borrower pursuant to this Agreement. If such Absolute Rate Interest Period would end on a day which is not a Business Day, such Absolute Rate Interest Period shall end on the next succeeding Business Day.

"ABSOLUTE RATE LOAN" means a Loan which bears interest at an Absolute Rate.

"ACQUISITION" is defined in the second recital.

"ACQUISITION DOCUMENTS" means the Stock Purchase Agreement, all other agreements or documents executed or filed by the Borrower or any of its Subsidiaries in connection with the Stock Purchase Agreement or the Acquisition, all consents and waivers granted by any party to the Stock Purchase Agreement to another party thereto, and any notice of breach under the Stock Purchase Agreement given by a party thereto to another party thereto.

"AFFILIATE" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGENT" is defined in the PREAMBLE and includes each other Person as shall have subsequently been appointed as the successor Agent pursuant to SECTION 9.4.

"AGENT FEE LETTER" means that fee letter dated as of July 12, 1996 between the Borrower and the Agent as described in SECTION 3.3.2.

"AGREEMENT" means, on any date, this Credit Agreement as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"APPLICABLE FACILITY FEE RATE" means the number of basis points per annum (based on a year of 360 days) set forth below based on the Applicable Rating Level and the Total Debt to Capitalization Ratio on such date:

Applicable Rating Level	Debt/Cap Greater than or Equal to 60%	50% Less than Debt/Cap Less than 60%	Debt/Cap Less than or Equal to 50%
Level I	15.0	12.5	12.5
Level II	15.0	15.0	12.5
Level III	20.0	20.0	20.0
Level IV	25.0	25.0	25.0

; PROVIDED, HOWEVER, that at any time that Moody's and S&P have split ratings of two or more rating differentials, then the Applicable Facility Fee Rate will be determined using the following formula:

$$\frac{M + S}{2} = R$$

where (i) "M" is the number of basis points per annum determined in accordance with the above chart using an Applicable Rating Level equal to the Moody's Rating Level at the time of such determination and the Total Debt to Capitalization Ratio at the time of such determination, (ii) "S" is the number of basis points per annum determined in accordance with the above chart using an Applicable Rating Level equal to the S&P's Rating Level at the time of such determination and the Total Debt to Capitalization Ratio at the time of such determination and (iii) "R" is the Applicable Facility Fee Rate. Changes in the Facility Fee Rate will occur automatically without prior notice. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Facility Fee Rate.

"APPLICABLE MARGIN" means on any date and with respect to each Eurodollar Loan or Eurodollar Bid Rate Advance the number of basis points per annum set forth below based on the Applicable Rating Level and the Total Debt to Capitalization Ratio on such date:

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Applicable Rating Level	Debt/Cap Greater than or Equal to 60%	50% Less than Debt/Cap Less than 60%	Debt/Cap Less than or Equal to 50%
Level I	35	22.5	17.5
Level II	45	35	22.5
Level III	55	42.5	30
Level IV	62.5	50	37.5

; PROVIDED, HOWEVER, that if Moody's and S&P have split ratings of two or more rating differentials, then the Applicable Margin will be determined using the following formula:

$$\frac{M + S}{2} = A$$

where (i) "M" is the number of basis points per annum determined in accordance with the above chart using an Applicable Rating Level equal to the Moody's Rating Level at the time of such determination and the Total Debt to Capitalization Ratio at the time of such determination, (ii) "S" is the number of basis points per annum determined in accordance with the above chart using an Applicable Rating Level equal to the S&P's Rating Level at the time of such determination and the Total Debt to Capitalization Ratio at the time of such determination and (iii) "A" is the Applicable Margin.

Changes in the Applicable Margin will occur automatically without prior notice.

The Agent will give notice promptly to the Borrower and the Lenders of changes in the Applicable Margins.

"APPLICABLE RATING LEVEL" means at any time that Moody's and S&P have the equivalent rating or split ratings of not more than one rating differential, of the Borrower's senior unsecured long-term debt, the level set forth in the chart below under the heading "Applicable Rating Level" opposite the rating under the heading "Moody's" or "S&P" which is the higher of the two if split ratings or opposite the ratings under the headings "Moody's" and "S&P" if equivalent; provided that at any time that Moody's and S&P have split ratings of more than one rating differential, there shall be no Applicable Rating Level for purposes of this Agreement.

Applicable Rating Level -----	Moody's -----	S&P ---
Level I	Greater than or equal to Baa1	Greater than or equal to BBB+
Level II	Baa2	BBB
Level III	Baa3	BBB-
Level IV	Less than or equal to Ba1	Less than or equal to BB+

For example, if the Moody's rating is Baa1 and the S&P rating is BBB, Level I shall apply.

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For purposes of the foregoing, (i) "Greater than or Equal to" means a rating equal to or more favorable than; "Less than or Equal to" means a rating equal to or less favorable than; "Greater than" means a rating greater than; "Less than" means a rating less than; (ii) if ratings for the Borrower's senior unsecured long-term debt shall not be available from S&P or Moody's, Level IV shall be deemed applicable; (iii) if determinative ratings shall change (other than as a result of a change in the rating system used by any applicable Rating Agency) such that a change in Applicable Rating Level would result, such change shall effect a change in Applicable Rating Level as of the day on which it is first announced by the applicable Rating Agency, and any change in the Applicable Margin or percentage used in calculating fees due hereunder shall apply commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change; and (iv) if the rating system of any of the Rating Agencies shall change prior to the date all obligations hereunder have been paid and the Commitments cancelled, the Borrower and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system, and pending such amendment, if no Applicable Rating Level is otherwise determinable based upon the foregoing, Level IV shall apply.

"ASSIGNEE LENDER" is defined in SECTION 10.11.1.

"AUTHORIZED OFFICER" means, relative to the Borrower or any other Obligor, those of its officers whose signatures and incumbency shall have been certified to the Agent and the Lenders pursuant to SECTION 5.1.1.

"BASE RATE" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of (a) the rate of interest most recently announced by UBS at its Domestic Office as its base rate for Dollar loans; and (b) the Federal Funds Rate most recently determined by the Agent plus 1/2%. The Base Rate is not necessarily intended to be the lowest rate of interest determined by the UBS in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Base Rate. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Base Rate.

"BASE RATE LOAN" means a Loan bearing interest at a fluctuating rate determined by reference to the Base Rate.

"BORROWER" is defined in the PREAMBLE, and includes its permitted successors and assigns.

"BORROWING" means any extension of credit (as opposed to any continuation

or conversion thereof) made by the Lenders by way of Competitive Bid Advances and Loans.

"BORROWING DATE" means a date on which a Borrowing is made hereunder.

"BORROWING REQUEST" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.5 hereto.

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"BUSINESS DAY" means (a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York; and (b) relative to the making, continuing, prepaying or repaying of any Eurodollar Borrowing, any day on which dealings in Dollars are carried on in the Eurodollar interbank market.

"CAPITAL EXPENDITURES" means, for any period, the sum of (a) the aggregate amount of all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures; and (b) the aggregate amount of all Capitalized Lease Liabilities incurred during such period.

"CAPITALIZATION" means the sum, at any time outstanding and without duplication, of (i) Debt plus (ii) Stockholders' Equity.

"CAPITALIZED LEASE LIABILITIES" means all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"CHANGE IN CONTROL" means (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 30% or more of the outstanding shares of voting stock of the Borrower; or (b) the failure of the Borrower to own, free and clear of all Liens or encumbrances (other than non-consensual Liens or encumbrances which are not material or which are fully discharged or with respect to obligations which are fully bonded, in either case within thirty (30) days after the imposition of such Lien or encumbrance) at least 100% of the outstanding shares of voting stock of SOC on a fully diluted basis.

"CODE" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"COMMITMENT" means, as the context may require, a Lender's Revolving Loan Commitment or Term Loan Commitment.

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"COMMITMENT AMOUNT" means, as the context may require, either the Revolving Loan Commitment Amount or the Term Loan Commitment Amount.

"COMMITMENT TERMINATION DATE" means, as the context may require, either the Revolving Loan Commitment Termination Date or the Term Loan Commitment Termination Date.

"COMMITMENT TERMINATION EVENT" means (a) the occurrence of any Default

described in CLAUSES (a) through (d) of SECTION 8.1.9 with respect to the Borrower or any Significant Subsidiary; or (b) the occurrence and continuance of any other Event of Default and either (i) the declaration of the Loans to be due and payable pursuant to SECTION 8.3, or (ii) in the absence of such declaration, the giving of notice by the Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"COMPETITIVE BID ADVANCE" means a borrowing hereunder consisting of the aggregate amount of the (i) several Eurodollar Bid Rate Advances or (ii) several Absolute Rate Advances, made by some or all of the Lenders to the Borrower at the same time, at the same interest basis, and for the same Interest Period.

"COMPETITIVE BID BORROWING NOTICE" is defined in SECTION 2.2.6.

"COMPETITIVE BID FEE LETTER" means that fee letter dated on or before the Effective Date, Borrower and the Agent as described in SECTION 2.2.8.

"COMPETITIVE BID LOAN" means a Eurodollar Bid Rate Loan or an Absolute Rate Loan, as the case may be.

"COMPETITIVE BID MARGIN" means the margin above, at or below the applicable Eurodollar Rate offered for a Eurodollar Bid Rate Loan, expressed as a percentage (rounded to the nearest 1/100 of 1%) to be added or subtracted from such Eurodollar Rate.

"COMPETITIVE BID NOTE" means a promissory note in substantially the form of EXHIBIT 2.2.1 hereto, with appropriate insertions, duly executed and delivered to the Agent by the Borrower for the account of a Lender and payable to the order of such Lender, including any amendment, modification, renewal or replacement of such promissory note.

"COMPETITIVE BID QUOTE" means a Competitive Bid Quote substantially in the form of EXHIBIT 2.2.4 hereto completed and delivered by a Lender to the Agent in accordance with SECTION 2.2.4.

"COMPETITIVE BID QUOTE REQUEST" means a Competitive Bid Quote Request substantially in the form of EXHIBIT 2.2.2 hereto completed and delivered by the Borrower to the Agent in accordance with SECTION 2.2.2.

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"CONTINUATION/CONVERSION NOTICE" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.6 hereto.

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"DEBT" means the consolidated Indebtedness of the Borrower and its Subsidiaries.

"DEFAULT" means any Event of Default or any Unmatured Event of Default.

"DEFAULT MARGIN" means 2%.

"DISCLOSURE SCHEDULE" means the Disclosure Schedule attached hereto as SCHEDULE I, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Agent and the Required Lenders.

"DOLLAR" and the sign "\$" mean lawful money of the United States.

"DOMESTIC OFFICE" means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement or such other office of a Lender (or any successor or assign of such Lender) within the United States as may be designated from time to time by notice from such Lender, as the case may be, to each other Person party hereto. A Lender may have separate Domestic Offices for purposes of making, maintaining or continuing, as the case may be, Base Rate Loans.

"EBITDA" means, for any period, the sum of (i) the consolidated net income of the Borrower and its Subsidiaries for such period before non-cash non-recurring items, gains or losses on dispositions of assets and the cumulative effect of changes in accounting principles PLUS (ii) to the extent included in the determination of such income, the consolidated charges for such period for interest, depreciation, depletion and amortization PLUS (or, if there is a benefit from income taxes, MINUS) (iii) to the extent included in the determination of such income, the amount of the provision for or benefit from income taxes; PROVIDED that in determining such consolidated net income, such consolidated charges and such provision for or benefit from income taxes, there shall be excluded therefrom (to the extent otherwise included therein) the net income (but not loss) of, charges for interest, depreciation, depletion and amortization of, and such provision for (but not benefit from) income taxes of, any Person which is subject to any contractual restriction which prevents the payment of dividends or the making of distributions on the capital stock or other ownership interests of such Person to the extent of such contractual restrictions.

"EDC" is defined in the second recital, and includes its permitted successors and assigns.

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"EDHI" is defined in the second recital, and includes its permitted successors and assigns.

"EFFECTIVE DATE" means the date this Agreement becomes effective pursuant to SECTION 10.8.

"ENVIRONMENTAL LAW" means any federal, state, or local statute, or rule or regulation promulgated thereunder, any judicial or administrative order or judgment to which the Borrower or any Subsidiary is party or which are applicable to the Borrower or any Subsidiary (whether or not by consent), and any provision or condition of any governmental permit, license or other operating authorization, relating to protection of the environment, persons or the public welfare from actual or potential exposure for the effects of exposure to any actual or potential release, discharge, spill or emission (whether past or present) of, or regarding the manufacture, processing, production, gathering, transportation, importation, use, treatment, storage or disposal of, any chemical, raw material, pollutant, contaminant or toxic, corrosive, hazardous, or non-hazardous substance or waste, including petroleum.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"EURODOLLAR AUCTION" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins pursuant to SECTION 2.2.

"EURODOLLAR BID RATE" means, with respect to a Loan made by a given Lender for the relevant Eurodollar Interest Period, the sum of (i) the Eurodollar Rate and (ii) the Competitive Bid Margin offered by such Lender and accepted by the Borrower pursuant to SECTION 2.2.6(i).

"EURODOLLAR BID RATE ADVANCE" means a Competitive Bid Advance which bears interest at a Eurodollar Bid Rate.

"EURODOLLAR BID RATE LOAN" means a Competitive Bid Loan which bears interest at a Eurodollar Bid Rate.

"EURODOLLAR BORROWING" means a borrowing hereunder consisting of the aggregate amount of the (i) several Eurodollar Loans or (ii) several Eurodollar Bid Rate Loans, made by all or some of the Lenders to the Borrower, at the same time, at the same interest rate and for the same Interest Period.

"EURODOLLAR LOAN" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the Eurodollar Rate.

"EURODOLLAR OFFICE" means, relative to any Lender, the office of such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Agent, whether or not outside the United States, which shall be making or maintaining Eurodollar Loans of such Lender hereunder.

"EURODOLLAR RATE" means, relative to any Interest Period for Eurodollar Loans, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/100 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to the Agent's Eurodollar Office in New York, New York as at or about 10:00 a.m. New York time two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Agent's Eurodollar Loan and for a period approximately equal to such Interest Period.

"EXISTING INDEBTEDNESS" is defined in SECTION 3.1(b)(iii).

"EVENT OF DEFAULT" is defined in SECTION 8.1.

"FACILITY" means the Revolving Facility or the Term Facility, as the case may be.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by UBS from two federal funds brokers of recognized standing selected by it.

"FEE LETTER" means the Agent Fee Letter or the Competitive Bid Fee Letter, as the case may be.

"FISCAL QUARTER" means any quarter of a Fiscal Year.

"FISCAL YEAR" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (E.G., the "1988 Fiscal Year") refer to the Fiscal Year ending on December 31 occurring during such calendar year.

"FIXED RATE BORROWING" means a borrowing hereunder consisting of the aggregate amount of the (i) several Eurodollar Bid Rate Loans, or (ii) several Absolute Rate Loans, or (iii) several Eurodollar Loans, made by all or some of the Lenders to the Borrower at the same time and for the same Interest Period.

"F.R.S. BOARD" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in SECTION 1.4.

"GUARANTEED LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability (other than guaranties of trade payables and guaranties of performance obligations) of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Guaranteed Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt,

obligation or other liability (other than guaranties of trade payables and guaranties of performance obligations) guaranteed thereby.

"GUARANTOR" means SOC and each of the Significant Subsidiaries that executes a Guaranty pursuant to SECTION 5.1.3 or SECTION 7.1.10, and their permitted successors and assigns.

"GUARANTY" means any Guaranty executed and delivered pursuant to SECTION 5.1.3, substantially in the form of EXHIBIT 5.1.3 hereto, as amended, supplemented, restated or otherwise modified from time to time.

"HAZARDOUS MATERIAL" means: i) any "hazardous substance", as defined by CERCLA; ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended; iii) any petroleum, crude oil or any fraction thereof; iv) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; v) any radioactive material, including any naturally occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. Section 2011 et. seq., and any amendments or reauthorizations thereof; vi) asbestos-containing materials in any form or condition; or vii) polychlorinated biphenyls in any form or condition.

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under derivative contracts, including interest rate or commodity swap agreements, interest rate or commodity cap agreements and interest rate or commodity collar agreements, and all similar agreements or arrangements.

"HEREIN", "HEREOF", "HERETO", "HEREUNDER" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"IMPERMISSIBLE QUALIFICATION" means, relative to the opinion or certification of any independent public accountant as to any financial statement of the Borrower or any other

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Obligor, any qualification or exception to such opinion or certification (a) which is of a "going concern" or similar nature; (b) which relates to the limited scope of examination of matters relevant to such financial statement; or (c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower such Obligor to be in default of any of its obligations under SECTION 7.2.4.

"INCLUDING" means including without limiting the generality of any description preceding such term.

"INDEBTEDNESS" of any Person means, without duplication: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (b) all obligations, contingent or otherwise, relative to (i) banker's acceptances issued for the account of such Person and (ii) the face amount of all letters of credit, whether or not drawn, to the extent that such letters of credit support the payment of financial obligations; (c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities; (d) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (except accounts payable arising in the ordinary course of business), and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and (e) all Guaranteed Liabilities of such Person in respect of any of the foregoing. For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer unless such Indebtedness by its terms is expressly non-recourse to such general partner or joint venturer.

"INDEBTEDNESS TO BE PAID" is defined in SECTION 5.3.3.

"INDEMNIFIED LIABILITIES" is defined in SECTION 10.4.

"INDEMNIFIED PARTIES" is defined in SECTION 10.4.

"INTEREST PERIOD" means, relative to any Fixed Rate Borrowings, (a) with respect to Eurodollar Borrowings, the period beginning on (and including) the date on which such Eurodollar Borrowing is made or continued as, or converted into, a Eurodollar Borrowing pursuant to SECTION 2.5 or 2.6 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to SECTION 2.5, or (b) with respect to Absolute Rate Advances, as the period as the Borrower may select pursuant to SECTION 2.2; PROVIDED, HOWEVER, that (a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than five different dates; (b) Interest Periods commencing on the same date for Loans or Competitive Bid Advances comprising part of the same Borrowing shall be of the same duration; (c) if such Interest Period would otherwise end

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on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless, if such Interest Period applies to Eurodollar Loans, such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and (d) no Interest Period may end later than the date set forth in CLAUSE (a) of the definition of "REVOLVING LOAN COMMITMENT TERMINATION DATE", in the case of Interest Periods for Revolving Loans, or the date set forth in CLAUSE (a) of the definition of "TERM LOAN COMMITMENT TERMINATION DATE", in the case of Interest Periods for Term Loans.

"INVITATION FOR COMPETITIVE BID QUOTES" is defined in SECTION 2.2.3.

"LENDER ASSIGNMENT AGREEMENT" means a Lender Assignment Agreement substantially in the form of EXHIBIT 10.11 hereto.

"LENDERS" is defined in the PREAMBLE.

"LIEN" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority arrangement of any kind or nature whatsoever.

"LOAN" means, as the context may require, either a Revolving Loan or a Term Loan.

"LOAN ADVANCES" means the Loans of the same Type and, in the case of Fixed Rate Loans, having the same Interest Period made by all Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with SECTION 2.1.

"LOAN DOCUMENTS" means this Agreement, each of the Notes, each of the Guaranties, each Competitive Bid Quote Request, each Borrowing Request, each Committed Borrowing Notice, Fee Letter, together in each case with all exhibits, schedules and attachments thereto, and all other agreements and instruments from time to time executed and delivered by the Borrower or any of its Subsidiaries pursuant to or in connection with any of the foregoing.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business, property, financial condition or results of operations of the Borrower and its Subsidiaries (taken as a whole) or (ii) the ability of the Borrower or SOC, as the case may be, to perform its payment obligations under any of the Loan Documents or (iii) during the period commencing on the date of the initial Borrowing and ending on the date the Term Loans are paid in full, the ability of EDC to perform its payment obligations under any of the Loan Documents.

"MOODY'S" means Moody's Investors Service, Inc. and any successor thereto that is a nationally-recognized rating agency.

"MOODY'S RATING LEVEL" means at any time a determination thereof is to be made, the level shown under the heading "Applicable Rating Level" opposite the Borrower's then rating of its senior unsecured long-term debt shown in the column "Moody's" in the definition of

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Applicable Rating Level; provided that at any time that the Borrower does not have a rating of its senior unsecured long-term debt by Moody's, the Moody's Rating Level shall be deemed to be Level IV.

"NEW INDEBTEDNESS" is defined in SECTION 3.2(b)(iii).

"NOBLE GAS" means Noble Gas Marketing, Inc., a Delaware corporation, and its permitted successors and assigns.

"NOBLE TRADING" means Noble Trading, Inc., a Delaware corporation, and its permitted successors and assigns.

"NOTE" means, as the context may require, either a Revolving Note or a Term Note or a Competitive Bid Note; and "Notes" means some or all of the foregoing.

"OBLIGATIONS" means all obligations (monetary or otherwise) of the Borrower and each other Obligor arising under or in connection with this Agreement, the Notes and each other Loan Document.

"OBLIGOR" means the Borrower, each of the Guarantors or any other Person (other than the Agent or any Lender) obligated under any Loan Document, and their permitted successors and assigns.

"ORGANIC DOCUMENT" means, relative to the Borrower or any other Obligor, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock.

"PARTICIPANT" is defined in SECTION 10.11.

"PAYMENT OFFICE" means:

Union Bank of Switzerland, New York Branch
299 Park Avenue
New York, New York 10171

Attention: James Broadus
Phone: (212) 821-3227
Facsimile: (212) 821-3259

Payment instructions: via Fed Wire to ABA 0260 0843 9 (UBS, New
York Branch Att: Loan Servicing)

Reference: NOBLE AFFILIATES

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

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"PENSION PLAN" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"PERCENTAGE" means, relative to any Lender, the percentage set forth

opposite its signature hereto or set forth in the Lender Assignment Agreement, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to SECTION 10.11.

"PERSON" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"PLAN" means any Pension Plan or Welfare Plan.

"QUARTERLY PAYMENT DATE" means the last day of each March, June, September, and December or, if any such day is not a Business Day, the next succeeding Business Day.

"RATING AGENCY" means either of S&P or Moody's.

"RELEASE" means a "release", as such term is defined in CERCLA.

"REQUIRED LENDERS" means Lenders in the aggregate holding at least 67% of the aggregate unpaid principal amount of the outstanding Borrowings (other than Competitive Bid Loans) and if no Borrowings (other than Competitive Bid Loans) are outstanding, Lenders having at least 67% of the then Total Commitment.

"RESOURCE CONSERVATION AND RECOVERY ACT" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, ET SEQ., as in effect from time to time.

"RESTRICTED INDEBTEDNESS" means, at the time of determination and after giving effect to any Indebtedness incurred or to be incurred in connection with such determination and to any substantially contemporaneous use of the proceeds thereof to repay other Indebtedness, the sum of (i) the aggregate principal amount of the Indebtedness of the Borrower and its Significant Subsidiaries then secured (or to be secured in connection with such determination) by Liens permitted under SECTION 7.2.2(n) plus (ii) the aggregate principal amount of the Indebtedness of the Significant Subsidiaries then outstanding (or to be incurred in connection with such determination) other than Indebtedness of the Significant Subsidiaries permitted by SECTION 7.2.5(i).

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"RESTRICTED INDEBTEDNESS BASKET" means, at the time of determination, an amount equal to 5% of the Borrower's consolidated tangible net worth as reported in the Borrower's consolidated financial statements most recently delivered to the Lenders.

"REVOLVING FACILITY" is defined in SECTION 2.1.1.

"REVOLVING LOAN" is defined in SECTION 2.1.1.

"REVOLVING LOAN COMMITMENT" means, relative to any Lender, such Lender's obligation to make Revolving Loans pursuant to SECTION 2.1.1.

"REVOLVING LOAN COMMITMENT AMOUNT" means, on any date, \$400,000,000, as such amount may be reduced from time to time pursuant to SECTION 2.2.

"REVOLVING LOAN COMMITMENT TERMINATION DATE" means the earliest of (a) the fifth anniversary of the Effective Date; (b) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to SECTION 2.3; and (c) the date on which any Commitment Termination Event occurs. Upon the occurrence of any event described in CLAUSE (b) or (c), the Revolving Loan Commitments shall terminate automatically and without any further action.

"REVOLVING NOTE" means a promissory note of the Borrower payable to any Lender, in the form of EXHIBIT 2.8A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Revolving Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"S&P" means Standard & Poor's Ratings Group and any successor thereto that is a nationally-recognized rating agency.

"S&P RATING LEVEL" means at any time a determination thereof is to be made, the level shown under the heading "Applicable Rating Level" opposite the Borrower's then rating of its senior unsecured long-term debt shown in the column "S&P's" in the definition of Applicable Rating Level; provided that at any time that the Borrower does not have a rating of its senior unsecured long-term debt by S&P, the S&P Rating Level shall be deemed to be Level IV.

"SIGNIFICANT SUBSIDIARY" means (a) SOC, EDC (after consummation of the Acquisition) and each other Subsidiary of the Borrower (other than Noble Gas or Noble Trading) that (i) accounts for at least 5% of the consolidated revenues of the Borrower and its Subsidiaries for any consecutive four quarter period ending on the last day of a fiscal quarter, or (ii) has assets which represent at least 5% of the consolidated assets of the Borrower and its Subsidiaries as of the last day of any fiscal quarter of the Borrower immediately preceding the date as of which any such determination is made, all of which, with respect to clauses (a) (i) and (ii), shall be as reflected on the financial statements of the Borrower and its Subsidiaries for such period, or as of such date, as the case may be; or (b) Noble Gas or Noble Trading, or both, as the case may be, to the extent that Noble Gas or Noble Trading or both, as the case may be, (i) has

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consolidated net income of at least 10% of the consolidated net income of the Borrower and its Subsidiaries for any consecutive four quarter period ending on the last day of a fiscal quarter, or (ii) has consolidated tangible net worth of at least 5% of the consolidated tangible net worth of the Borrower and its Subsidiaries as of the last day of any fiscal quarter of the Borrower immediately preceding the date as of which any such determination is made, all of which, with respect to clauses (b) (i) and (ii), shall be as reflected on the financial statements of the Borrower and its Subsidiaries for such period, or as of such date.

"SOC" is defined in the second recital, and includes its permitted successors and assigns.

"SOLVENT" means, with respect to any Person at any time, a condition under which: a) the fair saleable value of such Person's assets is, on the date of determination, greater than the total amount of such Person's liabilities (including contingent and unliquidated liabilities) at such time; b) such Person is able to pay all of its liabilities as such liabilities mature; and c) such Person does not have unreasonably small capital with which to conduct its business, provided, that the foregoing determination shall be made without giving effect to such Person's Guaranty to the extent and only to the extent such Guaranty would otherwise render such Person unable to satisfy the conditions in the foregoing clauses (a), (b) and (c). For purposes of this definition (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability; (ii) the "fair saleable value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions.

"STATED MATURITY DATE" means the fifth anniversary of the Effective Date.

"STOCK PURCHASE AGREEMENT" is defined in the second recital.

"STOCKHOLDERS' EQUITY" means, as of the time of any determination thereof is to be made, the sum of the Borrower's capital stock (which shall exclude treasury stock and any capital stock subject to mandatory redemption by the issuer at the option of the holder thereof) and additional paid-in capital, PLUS retained earnings (MINUS accumulated deficit), all as shown on the consolidated balance sheet of the Borrower and its Subsidiaries and based on GAAP.

"SUBSIDIARY" means, with respect to any Person, (a) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes

of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person, (b) any partnership of which such Person, such Person and one or more other Subsidiaries of such Person, or one or more other Subsidiaries of such Person is a general partner and (c) any limited liability company in which such Person, such Person and one or

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more other Subsidiaries of such Person, or one or more other Subsidiaries of such Person is a member or manager.

"TAXES" is defined in SECTION 4.6.

"TERM FACILITY" is defined in SECTION 2.1.3.

"TERM LOAN" is defined in SECTION 2.1.2.

"TERM LOAN COMMITMENT" means, relative to any Lender, such Lender's obligation to make Term Loans pursuant to SECTION 2.1.2.

"TERM LOAN COMMITMENT AMOUNT" means, on any date, \$400,000,000, as such amount may be reduced from time to time pursuant to SECTION 2.3 or as a result of payments or prepayments pursuant to SECTION 3.1.

"TERM LOAN COMMITMENT TERMINATION DATE" means the earliest of (a) the fifth anniversary of the Effective Date; (b) the date on which the Term Loan Commitment Amount is terminated in full or reduced to zero pursuant to SECTION 2.3; and (c) the date on which any Commitment Termination Event occurs. Upon the occurrence of any event described in CLAUSE (b) or (c), the Term Loan Commitments shall terminate automatically and without any further action.

"TERM NOTE" means a promissory note of the Borrower payable to any Lender, in the form of EXHIBIT 2.8B hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"TOTAL COMMITMENT" means, relative to any Lender, such Lender's obligation to make Revolving Loans or Term Loans pursuant to SECTION 2.1.1 and SECTION 2.1.2, respectively.

"TOTAL COMMITMENT AMOUNT" means \$800,000,000, as such amount may be reduced from time to time pursuant to SECTION 2.3.

"TOTAL DEBT TO CAPITALIZATION RATIO" means the ratio of (a) total Debt TO (b) total Capitalization.

"TOTAL INTEREST EXPENSE" means with respect to any period for which a determination thereof is to be made, the sum, without duplication, of (i) the aggregate amount of all interest accrued (whether or not paid) on all Indebtedness of the Borrower and its Subsidiaries on a consolidated basis PLUS (ii) the portion of any Capitalized Lease Liabilities allocable to interest expense in accordance with GAAP.

"TYPE" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a Eurodollar Loan.

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"UBS" is defined in the PREAMBLE, and includes its successors and assigns.

"UNITED STATES" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"UNMATURED EVENT OF DEFAULT" means any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of

Default.

"WELFARE PLAN" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

SECTION 1.2 USE OF DEFINED TERMS. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each Note, Borrowing Request, Competitive Bid Quote Request, Competitive Bid Borrowing Notice, Continuation/Conversion Notice, Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3 CROSS-REFERENCES. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 ACCOUNTING AND FINANCIAL DETERMINATIONS. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under SECTION 7.2.4) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in SECTION 6.5.

ARTICLE II

THE FACILITIES, BORROWING PROCEDURES AND NOTES

SECTION 2.1 THE FACILITIES.

SECTION 2.1.1 DESCRIPTION OF THE REVOLVING FACILITY. The Lenders grant to the Borrower a revolving credit facility (the "REVOLVING FACILITY") pursuant to which, and upon the terms and subject to the conditions herein set out and provided that no Default or Unmatured Default has occurred and is continuing from time to time on any Business Day occurring prior to the Revolving Loan Commitment Termination Date, each Lender severally agrees to make Loans in U.S. Dollars (relative to such Lender, its "REVOLVING LOANS") to the Borrower equal to such Lender's Percentage of the aggregate amount of Revolving Loans requested by the Borrower to be made on such day (the commitment of each Lender described in this SECTION

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2.1.1(a) is herein referred to as its "REVOLVING LOAN COMMITMENT"). In addition, each Lender may, in its sole discretion, make bids to make Competitive Bid Loans in U.S. Dollars to the Borrower in accordance with SECTION 2.2. No Lender shall be permitted or required to make (i) any Revolving Loan or Competitive Bid Loan if, after giving effect thereto, the aggregate outstanding principal amount of all Revolving Loans plus Competitive Bid Loans of all Lenders would exceed the Revolving Loan Commitment Amount, and (ii) any Revolving Loan if, after giving effect thereto, the aggregate amount of all Revolving Loans of such Lender would exceed the Lender's Percentage of the Revolving Loan Commitment Amount. Subject to clause (i) in the immediately preceding sentence, any Lender may make Competitive Bid Loans in excess of such Lender's Percentage of the Revolving Loan Commitment.

SECTION 2.1.2 AVAILABILITY OF REVOLVING FACILITY. Subject to the terms of this Agreement, the Revolving Facility is available to the Borrower from the date of this Agreement to the Revolving Loan Commitment Termination Date, and the Borrower may borrow, repay and reborrow under the Revolving Facility at any time prior to the Revolving Loan Commitment Termination Date.

SECTION 2.1.3 DESCRIPTION OF TERM FACILITY. The Lenders grant to the Borrower a term credit facility (the "TERM FACILITY") pursuant to which, and upon the terms and subject to the conditions herein set out each Lender severally agrees to make Term Loans in U.S. Dollars (relative to such Lender,

its "TERM LOANS") to the Borrower equal to such Lender's Percentage of the aggregate amount of Term Loans requested by the Borrower to be made on such day (the commitment of each Lender described in this SECTION 2.1.3(a) is herein referred to as its "TERM LOAN COMMITMENT"). No Lender shall be permitted or required to make any Term Loans if, after giving effect thereto, the aggregate amount of all Term Loans of all Lenders made since the Effective Date would exceed the Term Loan Commitment.

SECTION 2.1.4 AVAILABILITY OF TERM FACILITY. Subject to the terms of this Agreement, the Term Facility is available for borrowing from the date of this Agreement to the Effective Date. Amounts repaid on the Term Facility may not be reborrowed.

SECTION 2.2 COMPETITIVE BID ADVANCES.

SECTION 2.2.1 COMPETITIVE BID OPTION. In addition to Loans pursuant to SECTION 2.1, but subject to the terms and conditions of this Agreement (including, without limitation, the limitation set forth in SECTION 2.1.1 as to the maximum aggregate principal amount of all outstanding Loans hereunder), the Borrower may, as set forth in this SECTION 2.2, request the Lenders, prior to the Revolving Facility Termination Date, to make offers to make Competitive Bid Advances to the Borrower. Each Lender may, but shall have no obligation to, make such offers and the Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this SECTION 2.2.

SECTION 2.2.2 COMPETITIVE BID QUOTE REQUEST. The Borrower may request offers to make Competitive Bid Loans under SECTION 2.2 by transmitting to the Agent by telex or telecopy a Competitive Bid Quote Request so as to be received no later than (i) 10:00 a.m. (New York time) at least four Business Days prior to the Borrowing Date proposed therein, in the case

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of a Eurodollar Auction or (ii) 10:00 a.m. (New York time) at least one Business Day prior to the Borrowing Date proposed therein, in the case of an Absolute Rate Auction. The Competitive Bid Quote Request shall specify (i) the proposed Borrowing Date, which shall be a Business Day, for the proposed Competitive Bid Advance; (ii) the aggregate principal amount of such Competitive Bid Advance; (iii) whether the Competitive Bid Quotes requested are to set forth a Competitive Bid Margin or an Absolute Rate, or both; and (iv) the Interest Period applicable thereto (which may not end after the Revolving Loan Commitment Termination Date).

The Borrower may request offers to make Competitive Bid Loans for more than one Interest Period and for a Eurodollar Auction and an Absolute Rate Auction in a single Competitive Bid Quote Request. No Competitive Bid Quote Request shall be given within three Business Days (or upon reasonable prior notice to the Lenders, such other number of days as the Borrower and the Agent may agree) of any other Competitive Bid Quote Request. Each Competitive Bid Quote Request shall be in a minimum amount of \$10,000,000 (and in integral multiples of \$1,000,000 in excess thereof). A Competitive Bid Quote Request that does not conform substantially to the format of EXHIBIT 2.2.2 hereto shall be rejected, and the Agent shall promptly notify the Borrower of such rejection by telex or telecopy.

SECTION 2.2.3 INVITATION FOR COMPETITIVE BID QUOTES. Promptly and in any event before 1:00 p.m. (New York time) on the same Business Day of receipt of a Competitive Bid Quote Request that is not rejected pursuant to SECTION 2.2.2, the Agent shall send to each of the Lenders by telex or telecopy an Invitation for Competitive Bid Quotes, substantially in the form of EXHIBIT 2.2.3 attached hereto, which shall constitute an invitation by the Borrower to each Lender to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with SECTION 2.2.4.

SECTION 2.2.4 SUBMISSION AND CONTENTS OF COMPETITIVE BID QUOTES. (a) Each Lender may, in its sole discretion, but is under no obligation to, submit a Competitive Bid Quote containing an offer or offers to make Competitive Bid Loans in response to any Invitation for Competitive Bid Quotes. Each Competitive Bid Quote must comply with the requirements of this SECTION 2.2.4 and must be submitted to the Agent by telecopy at its offices specified in SECTION 10.2 not later than (a) 1:00 p.m. (New York time), at least three

Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (b) 10:00 a.m. (New York time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction (or, in either case upon reasonable prior notice to the Lenders, such other time and date as the Borrower and the Agent may agree). Subject to Articles V and VIII, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Agent given on the instructions of the Borrower.

(b) Each Competitive Bid Quote shall in any case specify: (i) the proposed Borrowing Date, which shall be the same as that set forth in the applicable Invitation for Competitive Bid Quotes; (ii) the principal amount of the Competitive Bid Loan for which each such offer is being made, which principal amount (1) may be greater than, less than or equal to the Commitment of the quoting Lender, (2) must be at least \$10,000,000 and an integral multiple of \$1,000,000, and (3) may not exceed the principal amount of Competitive Bid Loans for which offers were requested; (iii) in the case of a Eurodollar Auction, the Competitive Bid Margin offered for each

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such Competitive Bid Loan; (iv) the minimum or maximum amount, if any, of any Competitive Bid Loan which may be accepted by the Borrower and/or the limit, if any, as to the aggregate principal amount of Competitive Bid Loans from such Lender which may be accepted by the Borrower; (v) in the case of an Absolute Rate Auction, the Absolute Rate offered for each such Competitive Bid Loan; (vi) the applicable Interest Period; and (vii) the identity of the quoting Lender.

(c) The Agent shall reject any Competitive Bid Quote that (i) is not substantially in the form of EXHIBIT 2.2.4 hereto or does not specify all of the information required by SECTION 2.2.4(ii); (ii) contains qualifying, conditional or similar language, other than any such language contained in EXHIBIT 2.2.4 hereto; (iii) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or (iv) arrives after the time set forth in SECTION 2.2.4(i). If any Competitive Bid Quote shall be rejected pursuant to this SECTION 2.2.4(iii), then the Agent shall notify the relevant Lender of such rejection as soon as practical.

SECTION 2.2.5 NOTICE TO THE BORROWER. The Agent shall promptly notify the Borrower of the terms (i) of any Competitive Bid Quote submitted by a Lender that is in accordance with SECTION 2.2.4 and (ii) of any Competitive Bid Quote that is in accordance with SECTION 2.2.4 and amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such Lender with respect to the same Competitive Bid Quote Request. Any such subsequent Competitive Bid Quote shall be disregarded by the Agent unless such subsequent Competitive Bid Quote specifically states that it is submitted solely to correct a manifest error in such former Competitive Bid Quote. The Agent's notice to the Borrower shall specify the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Quote Request and the respective principal amounts and Competitive Bid Margins or Absolute Rates, as the case may be, so offered.

SECTION 2.2.6 ACCEPTANCE AND NOTICE BY THE BORROWER. Subject to the receipt of the notice from the Agent referred to in SECTION 2.2.5, not later than (i) 3:00 p.m. (New York time) at least three Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (ii) 11:00 a.m. (New York time) on the proposed Borrowing Date, in the case of an Absolute Rate Auction, the Borrower shall notify the Agent of its acceptance or rejection of the offers so notified to it pursuant to SECTION 2.2.5; PROVIDED, HOWEVER, that the failure by the Borrower to give such notice to the Agent shall be deemed to be a rejection of all such offers. In the case of acceptance, such notice (a "COMPETITIVE BID BORROWING NOTICE") shall be irrevocable and shall specify the aggregate principal amount of offers for each Interest Period that are accepted. The Borrower may accept or reject any Competitive Bid Quote in whole or in part (subject to the terms of SECTION 2.2.4(b)(iv)); PROVIDED that (a) the aggregate principal amount of each Competitive Bid Advance may not exceed the applicable amount set forth in the related Competitive Bid Quote Request; (b) acceptance of offers for any Competitive Bid Advance with otherwise identical terms may only be made on the basis of ascending Competitive Bid Margins or Absolute Rates, as the case may be; (c) the Borrower may not accept any offer of the type described in SECTION 2.2.4(c) or that otherwise fails to comply with the requirements of this Agreement for the purpose of obtaining a Competitive Bid Loan under this

Agreement; and (d) after giving effect to such Competitive Bid Advance, the sum of

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the aggregate principal amount of all outstanding Revolving Loans plus all Competitive Bid Advances shall not exceed the Revolving Loan Commitment Amount.

SECTION 2.2.7 ALLOCATION BY THE AGENT. If offers are made by two or more Lenders with the same Competitive Bid Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are permitted to be accepted for the related Interest Period, the principal amount of Competitive Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Lenders as nearly as possible (in such multiples, not greater than \$1,000,000, as the Agent may deem appropriate) in proportion to the aggregate principal amount of such offers; PROVIDED, HOWEVER, that no Lender shall be allocated a portion of any Competitive Bid Advance which is less than the minimum amount which such Lender has indicated that it is willing to accept. Allocations by the Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error. The Agent shall promptly, but in any event on the same Business Day in the case of Eurodollar Bid Rate Advances, and by 12:00 p.m. (New York time) in the case of Absolute Rate Advances, notify each Lender of its receipt of a Competitive Bid Borrowing Notice and the aggregate principal amount of such Competitive Bid Advance allocated to each participating Lender.

SECTION 2.2.8 ADMINISTRATION FEES. The Borrower hereby agrees to pay to the Agent for its sole account administration fees for Competitive Bid Quote Requests in such amounts as heretofore agreed upon by the Borrower and the Agent in a fee letter dated July 31, 1996, as amended from time to time (the "COMPETITIVE BID FEE LETTER").

SECTION 2.2.9 REDUCTION. While any Competitive Bid Advances are outstanding, each Lender's Revolving Loan Commitment shall be reduced by, and deemed used in the amount of its pro rata share (based on its respective Percentage of the Revolving Loan Commitment Amount) of the outstanding amount of such Competitive Bid Advances.

SECTION 2.3 REDUCTION OF COMMITMENT AMOUNTS. The Borrower may, from time to time on any Business Day occurring after the time of the initial Borrowing hereunder, voluntarily reduce the amount of either Commitment Amount; PROVIDED, HOWEVER, that all such reductions shall require at least three Business Days' prior notice to the Agent and be permanent, and any partial reduction of any Commitment Amount shall be in a minimum amount of \$25,000,000 and in an integral multiple of \$5,000,000.

SECTION 2.4 BASE RATE LOANS AND EURODOLLAR LOANS. Subject to the terms and conditions set forth in ARTICLE V, each Loan shall be either a Eurodollar Loan or a Base Rate Loan as the Borrower may request, it being understood that Loans made to the Borrower on any date may be either Eurodollar Loans or Base Rate Loans or a combination thereof. As to any Eurodollar Loan, each Lender may, if it so elects, fulfill its commitment to make such Eurodollar Loan by causing its Eurodollar Office to make such Eurodollar Loan; PROVIDED, HOWEVER, that in such event the obligation of the Borrower to repay such Eurodollar Loan nevertheless shall be to such Lender and shall be deemed to be held by such Lender for the account of such Eurodollar Office.

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SECTION 2.5 BORROWING PROCEDURES FOR LOANS. The Borrower shall give the Agent prior written or telegraphic notice pursuant to a Borrowing Request (in substantially the form of EXHIBIT 2.5 hereto) of each proposed Borrowing or continuation, and as to whether such Borrowing or continuation is to be of Base Rate Loans or Eurodollar Loans, as follows:

SECTION 2.5.1 DOMESTIC LOANS. The Agent shall receive written or telegraphic notice from the Borrower on or before 2:00 p.m. New York time one

day prior to the date of such Borrowing and amount of such Borrowing (which shall be in a minimum amount of \$10,000,000 and an integral multiple of \$1,000,000), and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., New York time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Base Rate Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Base Rate Loan, the Agent shall make available to the Borrower the proceeds of each Base Rate Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.5.2 EURODOLLAR LOANS. The Agent shall receive written or telegraphic notice pursuant to a Borrowing Request from the Borrower on or before 10:00 a.m. New York time, at least three (3) Business Days prior to the date requested for each proposed Borrowing or continuation of a Eurodollar Loan, of the date of such Borrowing or continuation, as the case may be, the amount of such Borrowing or continuation, as the case may be (which shall be in a minimum amount of \$10,000,000 and an integral multiple of \$1,000,000), and the duration of the initial Eurodollar Interest Period with respect thereto, and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., New York time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Eurodollar Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Eurodollar Loan, the Agent shall make available to the Borrower the proceeds of each Eurodollar Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.6 CONTINUATION AND CONVERSION ELECTIONS. By delivering a Continuation/Conversion Notice to the Agent on or before 10:00 a.m., New York time, on a Business Day, the Borrower may from time to time irrevocably elect, on not less than three nor more than five Business Days' notice that all, or any portion in an aggregate minimum amount of \$10,000,000 and an integral multiple of \$1,000,000 of any Borrowings be, (i) in the case of Base Rate Loans, converted into Eurodollar Loans, or (ii) in the case of Eurodollar Loans, be converted into a Base Rate Loan or continued as a Eurodollar Loan of such Type (in the absence of delivery of a Continuation/Conversion Notice with respect to any Eurodollar Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such Eurodollar Loan shall, on such last day, automatically convert to a Base Rate Loan); PROVIDED, HOWEVER, that (i) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders, and (ii) no portion of the outstanding principal

amount of any Loans may be continued as, or be converted into, Eurodollar Loans when any Default has occurred and is continuing.

SECTION 2.7 FUNDING. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert Eurodollar Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such Eurodollar Loan; PROVIDED, HOWEVER, that such Eurodollar Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such Eurodollar Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of SECTIONS 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all Eurodollar Loans by purchasing, as the case may be, Dollar deposits in its Eurodollar Office's interbank eurodollar market.

SECTION 2.8 NOTES. Each Lender's Loans shall be evidenced by a Revolving Note and a Term Note, each payable to the order of such Lender in a maximum principal amount equal to such Lender's Percentage of the original applicable Commitment Amount. Each Lender's Competitive Bid Loans shall be evidenced by a Competitive Bid Note, each payable to the order of such Lender in

a maximum principal amount of \$400,000,000. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Notes (or on any continuation of such grid), which notations, if made, shall evidence, INTER ALIA, the date of, the outstanding principal of, and the interest rate and Interest Period applicable to the Loans or Competitive Bid Loans evidenced thereby. Such notations shall be conclusive and binding on the Borrower absent manifest error; PROVIDED, HOWEVER, that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of the Borrower or any other Obligor.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 REPAYMENTS AND PREPAYMENTS. The Borrower shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date or of each Competitive Bid Loan on the last day of its applicable Interest Period. Prior thereto, the Borrower

(a) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; PROVIDED, HOWEVER, that (i) any such prepayment shall be applied to the Lenders among Loans having the same Type and, if applicable, having the same Interest Period; (ii) no such prepayment of any Competitive Bid Loan may be made on any day other than the last day of the Interest Period for such Loan; (iii) all such voluntary prepayments shall require at least three Business Days' prior written notice to the Agent; and (iv) all such voluntary partial prepayments shall be in a minimum amount of \$25,000,000 and an integral multiple of \$5,000,000.

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(b) shall make mandatory prepayments on the Term Facility, as soon as practicable, but in any event within three Business Days, in an amount equal to:

(i) the net cash proceeds in excess of \$1,000,000 in the aggregate in any calendar year for all such net cash proceeds from the sale of any of the Borrower's or any Significant Subsidiary's oil and gas assets or properties after the Effective Date (other than the sale of severed hydrocarbons in the ordinary course of business); PROVIDED, HOWEVER, that in the event that the Borrower or any of its Subsidiaries receives any common stock, preferred stock, note, bond, debenture or other similar instrument evidencing Indebtedness in lieu of cash in connection with the sale of any oil and gas assets or properties, then for purposes of this clause (b)(i), the Borrower or its Subsidiary, as the case may be, shall be deemed to have received net cash proceeds in respect of such sale on the date it receives any cash payment (whether sales proceeds, principal, interest or otherwise) with respect to such common stock, preferred stock, note, bond, debenture or other similar instrument evidencing Indebtedness;

(ii) the net cash proceeds from the issuance by the Borrower or any of its Subsidiaries of any common stock or preferred stock (other than stock issued by a Subsidiary of the Borrower to the Borrower or a wholly-owned Subsidiary of the Borrower and other than sales of stock to officers, directors or employees pursuant to a stock option plan or otherwise); and

(iii) the net cash proceeds from any Indebtedness incurred subsequent to the Effective Date (such Indebtedness herein "NEW INDEBTEDNESS"), to the extent that the proceeds of such New Indebtedness are not used to refinance or repay any Indebtedness in existence prior to the Effective Date (such existing Indebtedness herein "EXISTING INDEBTEDNESS"); provided that if such proceeds of such New Indebtedness are used to refinance or repay all or any portion of the Borrower's 4 1/4% Convertible Subordinated Notes, such New Indebtedness shall be subordinated to the Obligations on terms and conditions at least as favorable to the Lenders and the Agent as the terms and conditions of the 4 1/4% Convertible Subordinated Notes due 2003 (as determined by the Required Lenders in their sole discretion).

(c) shall, in addition to any mandatory prepayments pursuant to clause (b), make mandatory prepayments on the Term Facility on the following dates in

the following amounts:

(i) on December 31, 1996, the positive difference, if any, of \$50,000,000 MINUS the sum of all prepayments made on or prior to such date pursuant to the foregoing clauses (a) and (b)(ii);

(ii) on June 30, 1997, the positive difference, if any, of \$100,000,000 MINUS the sum of (A) all prepayments made on or prior to such date pursuant to the foregoing clauses (a) and (b)(ii) PLUS (B) the mandatory prepayment, if any, made pursuant to the foregoing clause (c)(i);

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(iii) on December 31, 1997, the positive difference, if any, of \$150,000,000 MINUS the sum of (A) all prepayments made on or prior to such date pursuant to the foregoing clauses (a) and (b)(ii) PLUS (B) the mandatory prepayments, if any, made pursuant to the foregoing clauses (c)(i) and (ii);

PROVIDED, HOWEVER, that if on or before December 31, 1996, the holders of at least \$200,000,000 in principal amount of the Borrower's 4 1/4% Convertible Subordinated Notes due 2003 shall have converted their notes into stock, then (1) the amounts in the foregoing clauses (c)(i), (ii) and (iii) shall be replaced with \$0, \$50,000,000 and \$100,000,000 respectively, and (2) as of June 30, 1998, the Borrower shall in addition to any prepayments pursuant to clause (b), make a prepayment on the Term Facility in an amount equal to the positive difference, if any, of \$150,000,000 MINUS the sum of (A) all prepayments made on or prior to such date pursuant to the foregoing clauses (a) and (b)(ii) PLUS (B) the mandatory prepayments, if any, made pursuant to the foregoing clauses (c)(i), (ii) and (iii).

(d) shall, immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to SECTION 8.2 or SECTION 8.3, repay all Loans, unless, pursuant to SECTION 8.3, only a portion of all Loans is so accelerated.

Each prepayment of Term Loans made pursuant to CLAUSE (a) or (b) shall be applied, to the extent of such prepayment, in the inverse order of maturity. Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by SECTION 4.4. No voluntary prepayment of principal of any Revolving Loans shall cause a reduction in the Revolving Loan Commitment Amount.

SECTION 3.2 INTEREST PROVISIONS. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this SECTION 3.2.

SECTION 3.2.1 RATES. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that Loans comprising a Borrowing accrue interest at a rate per annum: (a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Base Rate from time to time in effect; and (b) on that portion maintained as a Eurodollar Loan, during each Interest Period applicable thereto, equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin. All Eurodollar Borrowings shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Borrowing.

SECTION 3.2.2 POST-MATURITY RATES. After the date any principal amount of any Loan is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Base Rate plus the Default Margin.

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SECTION 3.2.3 PAYMENT DATES. Interest accrued on each Borrowing shall be payable, without duplication: (a) on the Stated Maturity Date therefor; (b) on

the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the amount of such principal prepaid or repaid; (c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Effective Date; (d) with respect to Eurodollar Borrowings, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed 90 days, on the 90th day of such Interest Period); (e) with respect to any portion of Base Rate Loans converted into Eurodollar Loans on a day when interest would not otherwise have been payable pursuant to CLAUSE (c), on the date of such conversion; and (f) on that portion of any Borrowings the Stated Maturity Date of which is accelerated pursuant to SECTION 8.2 or SECTION 8.3, immediately upon such acceleration; and (g) with respect to Competitive Bid Loans, as otherwise provided by the relevant Competitive Bid Quote Request. Interest accrued on Borrowings or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 FEES. The Borrower agrees to pay the fees set forth in this SECTION 3.3. All such fees shall be non-refundable.

SECTION 3.3.1 FACILITY FEE. The Borrower agrees to pay to the Agent for the account of each Lender, a facility fee in an amount equal to the product of the Applicable Facility Fee Rate times such Lender's Percentage times the Total Commitment Amount as it may be reduced from time to time, in the case of the Revolving Commitment, pursuant to reductions under SECTION 2.3, and in the case of the Term Commitment, as a result of payments and prepayments thereon, payable in arrears on each Quarterly Payment Date occurring after the Effective Date.

SECTION 3.3.2 AGENT'S FEE. The Borrower agrees to pay to the Agent for its own account, all fees (including any fees pursuant to SECTION 2.2.8) pursuant to that certain fee letter agreement dated the date hereof between the Borrower and the Agent, as amended from time to time (the "AGENT FEE LETTER").

SECTION 3.3.3 PAYMENT OFFICE. The Borrower shall make all payments to the Agent at the Payment Office.

ARTICLE IV

CERTAIN EURODOLLAR AND OTHER PROVISIONS

SECTION 4.1 EURODOLLAR LENDING UNLAWFUL. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Borrowing as, or to convert any Borrowing into, a Eurodollar Borrowing, the obligations of such Lender to make, continue,

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maintain or convert any such Borrowings shall, upon such determination, forthwith be suspended until such Lender shall notify the Agent that the circumstances causing such suspension no longer exist, and all Eurodollar Borrowings shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion; PROVIDED, HOWEVER, that the obligation of such Lender to make, continue, maintain or convert any such Eurodollar Borrowings shall remain unaffected if such Lender can designate a different Eurodollar Office for the making, continuance, maintenance or conversion of Eurodollar Borrowings and such designation will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender.

SECTION 4.2 DEPOSITS UNAVAILABLE OR EURODOLLAR INTEREST RATE UNASCERTAINABLE. If the Agent shall have determined that, by reason of circumstances affecting the Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to Eurodollar Borrowings, then, upon notice from the Agent to the Borrower and the Lenders, the obligations of all Lenders under SECTION 2.6 and SECTION 2.8 to make or continue any Borrowings as, or to convert any Borrowings into, Eurodollar Borrowings shall forthwith be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no

longer exist.

SECTION 4.3 INCREASED EURODOLLAR BORROWING COSTS, ETC. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Borrowings as, or of converting (or of its obligation to convert) any Borrowings into, Eurodollar Borrowings. Such Lender shall promptly notify the Agent and the Borrower in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount; PROVIDED, HOWEVER, that such Lender shall designate a different Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. Such additional amounts shall be payable by the Borrower directly to such Lender within fifteen days of its receipt of such notice, and such notice shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.4 FUNDING LOSSES. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Borrowing as, or to convert any portion of the principal amount of any Borrowing into, a Eurodollar Borrowing) as a result of (a) any conversion or repayment or prepayment of the principal amount of any Eurodollar Borrowings on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to SECTION 3.1 or otherwise, (b) any Borrowings not being made as Eurodollar Borrowings in accordance with the Borrowing Request or Competitive Bid Quote Request, as the case may be, therefor, or (c) any Borrowings not being continued as, or converted into, Eurodollar Borrowings in accordance with the Continuation/Conversion Notice therefor, then, upon the written notice of such Lender to the Borrower (with a copy to the Agent), the Borrower shall, within fifteen days of its receipt

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thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense.

Such written notice (which shall include calculations in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.5 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Borrowings made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall pay directly to such Lender, within fifteen days, additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return; PROVIDED, HOWEVER, that such Lender shall designate a different Domestic or Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower. In determining such amount, such Lender may use any reasonable method of averaging and attribution that it (in its sole discretion) shall deem applicable.

SECTION 4.6 TAXES. All payments by the Borrower of principal of, and interest on, the Borrowings and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or

other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's net income or receipts (such non-excluded items being called "TAXES"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will, within fifteen days (a) pay directly to the relevant authority the full amount required to be so withheld or deducted; (b) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authority; and (c) pay to the Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

If any Taxes are directly asserted against the Agent or any Lender with respect to any payment received by the Agent or such Lender hereunder, the Agent or such Lender may pay such Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall

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equal the amount such person would have received had not such Taxes been asserted; provided that the Borrower will not be obligated to pay such additional amounts to the Agent or such Lender to the extent that such additional amounts shall have been incurred as a consequence of the Agent's or such Lender's gross negligence or willful misconduct, as the case may be.

If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure. For purposes of this SECTION 4.6, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

Each Lender that is organized under the laws of a jurisdiction other than the United States shall, prior to the due date of any payments under the Notes, execute and deliver to the Borrower and the Agent, on or about the first scheduled payment date in each Fiscal Year, one or more (as the Borrower or the Agent may reasonably request) United States Internal Revenue Service Forms 4224 or Forms 1001 or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Lender is exempt from withholding or deduction of Taxes, and shall (but only so long as such Lender remains lawfully able to do so) deliver to the Borrower and the Agent additional copies of such forms on or before the date that such forms expire or become obsolete or after the occurrence of an event requiring a change in the most recent form so delivered by it and such amendments thereto as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or fees or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from the definition of "Taxes". For any period with respect to which a Lender has failed to provide the Borrower and the Agent with the forms required pursuant to this paragraph, if any (other than if such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under this SECTION 4.6 with respect to Taxes imposed by the United States which Taxes would not have been imposed but for such failure to provide such form; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this SECTION 4.6, then such Lender will change the jurisdiction of its applicable Eurodollar or Domestic Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole discretion of such Lender, is not otherwise disadvantageous to such Lender. No Lender shall be entitled to receive any greater payment

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under this SECTION 4.6 as a result of the designation by such Lender of a different applicable Eurodollar or Domestic Office after the date hereof, unless such designation is made with the Borrower's prior written consent or by reason of the provisions of SECTIONS 4.1, 4.3 or 4.5 requiring such Lender to designate a different applicable Eurodollar or Domestic Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 4.7 SPECIAL FEES IN RESPECT OF RESERVE REQUIREMENTS. With respect to Eurodollar Borrowings, the Borrower agrees to pay to each Lender on appropriate Payment Dates, as additional interest, such amounts as will compensate such Lender for any cost to such Lender, from time to time, of any reserve, special deposit, special assessment or similar capital requirements against assets of, deposits with or for the account of, or credit extended by, such Lender which are imposed on, or deemed applicable by, such Lender, from time to time, under or pursuant to (i) any Law, treaty, regulation or directive now or hereafter in effect (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System but excluding any reserve requirement included in the definition of Eurodollar Rate in SECTION 1.1), (ii) any interpretation or application thereof by any governmental authority, agency or instrumentality charged with the administration thereof or by any court, central bank or other fiscal, monetary or other authority having jurisdiction over the Eurodollar Borrowings or the office of such Lender where its Eurodollar Borrowings are lodged, or (iii) any requirement imposed or requested by any court, governmental authority, agency or instrumentality or central bank, fiscal, monetary or other authority, whether or not having the force of law. A written notice as to the amount of any such cost or any change therein (including calculations, in reasonable detail, showing how such Lender computed such cost or change) shall be promptly furnished by such Lender to the Borrower and shall be rebuttable presumptive evidence of such cost or change. The Borrower will not be responsible for paying any amounts pursuant to this SECTION 4.7 accruing prior to 180 days prior to the receipt by the Borrower of the written notice referred to in the preceding sentence. Within fifteen (15) days after such certificate is furnished to the Borrower, the Borrower will pay directly to such Lender such additional amount or amounts as will compensate such Lender for such cost or change.

SECTION 4.8 PAYMENTS, COMPUTATIONS, ETC. Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement, the Notes or any other Loan Document shall be made by the Borrower to the Agent for the PRO rata account of the Lenders entitled to receive such payment. All such payments required to be made to the Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m., New York time, on the date due, in same day or immediately available funds, to such account as the Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Agent on the next succeeding Business Day. The Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a

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Business Day, such payment shall (except as otherwise required by CLAUSE (C) of the definition of the term "INTEREST PERIOD" with respect to Eurodollar Loans) be made on the next succeeding Business Day and such extension of time

shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.9 SHARING OF PAYMENTS. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of SECTIONS 4.3, 4.4 and 4.5) in excess of its PRO RATA share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (a) the amount of such selling Lender's required repayment to the purchasing Lender TO (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this SECTION 4.8 may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to SECTION 4.9) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this SECTION 4.8 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.10 [INTENTIONALLY OMITTED.]

SECTION 4.11 USE OF PROCEEDS. The Borrower shall apply the proceeds of each Borrowing in accordance with the FOURTH RECITAL; without limiting the foregoing, no proceeds of any Borrowing will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any "margin stock", as defined in F.R.S. Board Regulation U.

SECTION 4.12 REPLACEMENT OF LENDER ON ACCOUNT OF INCREASED COSTS, EURODOLLAR LENDING UNLAWFUL, RESERVE REQUIREMENTS, TAXES, CERTAIN DISSENTS, ETC. If any Lender shall claim the inability to make or maintain Eurodollar Borrowings pursuant to SECTION 4.1 above, if any Lender is owed increased costs under SECTION 4.5 above, if any payment to any Lender by the Borrower is subject to any withholding tax pursuant to SECTION 4.6 above, or if any Lender is owed any cost or expense pursuant to SECTION 4.7 above, the Borrower shall have the right, if no Event of Default or Unmatured Event of Default then exists, to replace such Lender with another bank or financial institution PROVIDED that (i) if it is not a Lender or an Affiliate thereof, such bank or financial institution shall be reasonably acceptable to the Agent and

(ii) such bank or financial institution shall unconditionally purchase, in accordance with SECTION 10.11 hereof, all of such Lender's rights and obligations under this Agreement and the Notes and the appropriate pro rata share of such Lender's Notes and Commitments, without recourse or expense to, or warranty by, such Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Notes payable to such Lender, PLUS any accrued but unpaid interest on such Notes PLUS accrued but unpaid fees in respect of such Lender's Borrowings and Percentage of the Commitments hereunder to the date of such purchase on a date therein specified. The Borrower shall be obligated to pay, simultaneously with such purchase and sale, the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above, all breakage fees payable under SECTION 4.4 and all other costs, fees and expenses payable to such Lender hereunder and under the Loan Documents, to the date of such purchase as well as all other Obligations due and payable to or for the benefit of such Lender; PROVIDED, that if such bank or financial institution fails to purchase such rights and obligations, the Borrower shall continue to be obligated to pay the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above to

such Lender.

SECTION 4.13 MAXIMUM INTEREST. It is the intention of the parties hereto to conform strictly to applicable usury laws and, anything herein to the contrary notwithstanding, the obligations of the Borrower to each Lender under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to such Lender limiting rates of interest which may be charged or collected by such Lender. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the Federal and state laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable) with respect to a Lender then, in that event, notwithstanding anything to the contrary in this Agreement, it is agreed as follows: (a) the provisions of this SECTION 4.13 shall govern and control; (b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Lender shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to such Lender herein called the "HIGHEST LAWFUL RATE"), and any excess shall be credited to the Borrower by such Lender (or, if such consideration shall have been paid in full, such excess refunded to the Borrower); (c) all sums paid, or agreed to be paid, to such Lender for the use, forbearance and detention of the indebtedness of the Borrower to such Lender hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof; and (d) if at any time the interest provided pursuant to SECTION 4.1 together with any other fees payable pursuant to this Agreement and deemed interest under applicable law, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to such Lender pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to such Lender pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement and such fees deemed to be interest equals the amount of

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interest which would have accrued to such Lender if a varying rate per annum equal to the interest provided pursuant to SECTION 3.2 had at all times been in effect, PLUS the amount of fees which would have been received but for the effect of this SECTION 4.13. For purposes of Article 5069-1.04, Vernon's Texas Civil Statutes, as amended, to the extent, if any, applicable to a Lender, the Borrower agrees that the Highest Lawful Rate shall be the "indicated (weekly) rate ceiling" as defined in said Article, provided that such Lender may also rely, to the extent permitted by applicable laws, on alternative maximum rates of interest under other laws applicable to such Lender if greater. Tex. Rev. Civ. Stat. Ann. Art. 5069, Ch. 15 (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply to this Agreement or the Notes.

ARTICLE V

CONDITIONS TO BORROWING

SECTION 5.1 INITIAL BORROWING. The obligations of the Lenders to fund the initial Borrowing shall be subject to the prior satisfaction, or waiver in writing by the Agent (with the consent of Required Lenders) of each of the conditions precedent set forth in this SECTION 5.1.

SECTION 5.1.1 RESOLUTIONS, ETC. The Agent shall have received from the Borrower and each Guarantor a certificate, dated the date of the initial Borrowing, of its Secretary or Assistant Secretary as to (a) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement, the Notes and each other Loan Document to be executed by it; and (b) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement, the Notes and each other Loan Document executed by it, upon which

certificate each Lender may conclusively rely until it shall have received a further certificate of the Secretary of the Borrower and each Guarantor canceling or amending such prior certificate.

SECTION 5.1.2 DELIVERY OF NOTES. The Agent shall have received, for the account of each Lender, its Notes duly executed and delivered by the Borrower.

SECTION 5.1.3 GUARANTIES. The Agent shall have received a Guaranty dated the Effective Date and duly executed by SOC.

SECTION 5.1.4 OPINIONS OF COUNSEL. The Agent shall have received opinions, dated the date of the initial Borrowing and addressed to the Agent and all Lenders, from Thompson & Knight, P.C., counsel to the Borrower, substantially in the form of EXHIBIT 5.1.4 hereto.

SECTION 5.1.5 FEE LETTERS, CLOSING FEES, EXPENSES, ETC. The Agent shall have received each of the Fee Letters described in SECTIONS 2.2.8 and 3.3.2, duly executed by the Borrower. The Agent shall also have received for its own account, or for the account of each

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Lender, as the case may be, all fees, costs and expenses due and payable pursuant to SECTIONS 3.3.2 and 10.3, if then invoiced.

SECTION 5.1.6 MATERIAL ADVERSE CHANGE. There shall have been no material adverse change in the consolidated business, condition (financial or otherwise), operations, performance or properties of any of the Borrower, any Guarantor, EDC and their respective consolidated Subsidiaries taken as a whole from March 31, 1996 except as disclosed in Item 5.1.6 of the Disclosure Schedule.

SECTION 5.1.7 REGULATORY FILINGS. All actions and proceedings required by applicable law or regulation (including, without limitation, compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended) shall have been taken, all waiting periods thereunder shall have expired or terminated, and all consents, waivers, and approvals necessary for the Acquisition or any other transactions contemplated hereby (including, without limitation, those of any governmental authority or regulatory body) shall have been given or obtained.

SECTION 5.1.8 ENGINEERING REPORT. The Agent shall have received engineering reports covering EDC's reserves (including, without limitation, a report by Miller and Lents Ltd.) in form and substance reasonably satisfactory to the Agent.

SECTION 5.1.9 CERTIFICATE RELATING TO CONSUMMATION OF ACQUISITION. A certificate signed by an Authorized Officer of the Borrower, in form and substance reasonably satisfactory to the Agent and each Lender, representing and warranting that on and as of the Effective Date, there does not exist any judgment, order, injunction or other restraint issued or filed with respect to the making of Borrowings or which could reasonably be expected to impair materially the right or ability of SOC to consummate the Acquisition.

SECTION 5.1.10 OTHER DOCUMENTS. Such other documents as the Agent or any Lender may have reasonably requested.

SECTION 5.2 ALL BORROWINGS. The obligation of each Lender to fund any Borrowing (including the initial Borrowing) shall be subject to the satisfaction of each of the conditions precedent set forth in this SECTION 5.2.

SECTION 5.2.1 COMPLIANCE WITH WARRANTIES, NO DEFAULT, ETC. Both before and after giving effect to any Borrowing (but, if any Default of the nature referred to in SECTION 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct (a) the representations and warranties set forth in ARTICLE VI (excluding, however, except in the case of the initial Borrowing, those contained in SECTION 6.6 and SECTION 6.7) and the representations and warranties made by any Guarantor in any Guaranty shall be true and correct with the same effect as if then made (unless stated to relate solely to an early date, in which case such representations and warranties shall be true

and correct as of such earlier date); and (b) no Default shall have then occurred and be continuing, and neither the Borrower nor any

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of its Subsidiaries are in material violation of any law or governmental regulation or court order or decree.

SECTION 5.2.2 BORROWING REQUEST AND COMPETITIVE BID QUOTE REQUEST. The Agent shall have received a Borrowing Request or a Competitive Bid Quote Request for such Borrowing. Each of the delivery of a Borrowing Request or a Competitive Bid Borrowing Notice and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing (both immediately before and after giving effect to such Borrowing and the application of the proceeds thereof) the statements made in SECTION 5.2.1 are true and correct.

SECTION 5.2.3 SATISFACTORY LEGAL FORM. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any of its Subsidiaries or any other Obligors shall be satisfactory in form and substance to the Agent and its counsel; the Agent and its counsel shall have received all information, approvals, opinions, documents or instruments as the Agent or its counsel may reasonably request.

SECTION 5.3 ADDITIONAL CONDITIONS. The obligation of each Lender to fund the initial Borrowing and any subsequent Borrowing shall also be subject to the condition that (i) as of the time of the initial Borrowing the Agent shall be reasonably satisfied that the Borrower will promptly, and in no event later than one Business Day subsequent to the initial Borrowing, satisfy and (ii) that prior to any Borrowing other than the initial Borrowing, the Borrower shall have satisfied, each of the conditions set forth in this SECTION 5.3.

SECTION 5.3.1 GUARANTY FROM EDC. The Agent and each Lender shall have received a Guaranty, dated the date of the initial Borrowing and duly executed by EDC.

SECTION 5.3.2 CERTIFICATE RELATING TO STOCK PURCHASE. The Agent and each Lender shall have received a certificate signed by an Authorized Officer of the Borrower, in form and substance reasonably satisfactory to the Agent and each Lender, representing and warranting that:

(a) on and as of the date of the initial Borrowing, (w) the Acquisition has been consummated through the use of the Borrowings in accordance with the terms and conditions of the Stock Purchase Agreement and in compliance with all material requirements of Law and attaching thereto a true and correct copy of the Stock Purchase Agreement and all amendments thereto, if any, (x) all corporate approvals required for consummation of the Acquisition have been obtained, and (y) all third party approvals required for consummation of the Acquisition have been obtained, except such approvals the failure of which to obtain would not have a Material Adverse Effect; and

(b) the Stock Purchase Agreement has not been amended, except as consented to by the Required Lenders; all material conditions precedent described in the Stock Purchase Agreement have been fulfilled in all material respects in accordance with the terms and provisions thereof, and all amendments to the Stock Purchase Agreement, and waivers to any

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conditions precedent described in the Stock Purchase Agreement, have been consented to by the Required Lenders, and the Borrower and SOC have complied with the Stock Purchase Agreement in all material respects.

SECTION 5.3.3 PAYMENT OF OUTSTANDING INDEBTEDNESS, ETC. All Indebtedness identified in ITEM 5.3.3 ("Indebtedness to be Paid") of the Disclosure Schedule, together with all interest, all prepayment premiums and other amounts due and payable with respect thereto, shall have been paid in full (including, to the extent necessary, from proceeds of the initial Borrowing); and all Liens securing payment of any such Indebtedness have been released and the Agent shall have received all Uniform Commercial Code Form UCC-3 termination statements or other instruments as may be suitable or appropriate in connection therewith.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders and the Agent to enter into this Agreement and to make Loans hereunder, the Borrower represents and warrants unto the Agent and each Lender as set forth in this ARTICLE VI.

SECTION 6.1 ORGANIZATION, ETC. The Borrower and each of its Subsidiaries is a corporation validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification, and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement, the Notes and each other Loan Document to which it is a party and to conduct its business substantially as currently conducted by it (except where the failure to be so qualified to do business or be in good standing or to hold any such licenses, permits and other approvals will not have a Material Adverse Effect.

SECTION 6.2 DUE AUTHORIZATION, NON-CONTRAVENTION, ETC. The execution, delivery and performance by the Borrower of this Agreement, the Notes and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by each other Obligor of each Loan Document executed or to be executed by it and the Borrower's and each such other Obligor's participation in the acquisition of EDC or any other transaction contemplated herein or in the Stock Purchase Agreement are within the Borrower's and each such Obligor's corporate powers, have been duly authorized by all necessary corporate action, and do not (a) contravene the Borrower's or any such Obligor's Organic Documents; (b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Borrower or any such other Obligor; or (c) result in, or require the creation or imposition of, any Lien on any of the Borrower's or any other Obligor's properties.

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SECTION 6.3 GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower or any other Obligor of this Agreement, the Notes or any other Loan Document to which it is a party, or for the Borrower's and each such other Obligor's participation in the acquisition of EDC or any other transaction contemplated herein, except as have been obtained. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4 VALIDITY, ETC. This Agreement constitutes, and the Notes and each other Loan Document executed by the Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms; and each Guaranty executed pursuant hereto by each other Obligor will, on the due execution and delivery thereof by such Obligor, be the legal, valid and binding obligation of such Obligor enforceable in accordance with its terms, except as (i) enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.5 FINANCIAL INFORMATION. The balance sheets of the Borrower and each of its Subsidiaries as at March 31, 1996, and the balance sheets of EDC and its Subsidiaries as at March 31, 1996, and the related statements of earnings and cash flow, copies of which have been furnished to the Agent and each Lender, have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended except as disclosed in ITEM 6.5 of the Disclosure Schedule.

SECTION 6.6 NO MATERIAL ADVERSE CHANGE. As of the Effective Date, since the date of the financial statements described in SECTION 6.5, there has been no material adverse change in the financial condition, operations, assets, business or properties of the Borrower and its Subsidiaries (on a consolidated basis) or EDC and its Subsidiaries (on a consolidated basis), except as disclosed in ITEM 6.5 of the Disclosure Schedule.

SECTION 6.7 LITIGATION, LABOR CONTROVERSIES, ETC. As of the Effective Date, there is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding, or labor controversy affecting the Borrower, EDC or any of their Subsidiaries, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of, and the rights and remedies of the Agent and the Lenders under, this Agreement, the Notes or any other Loan Document, except as disclosed in ITEM 6.7 ("Litigation") of the Disclosure Schedule.

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SECTION 6.8 SUBSIDIARIES. As of the Effective Date, the Borrower has no Subsidiaries, except those Subsidiaries which are identified in ITEM 6.8 of the Disclosure Schedule.

SECTION 6.9 OWNERSHIP OF PROPERTIES. The Borrower and each of its Subsidiaries owns title (consistent with customary practice in the oil and gas industry for the type and location of the relevant properties and assets) to all of its properties and assets, real and personal, tangible and intangible, of any nature whatsoever, free and clear of all Liens, charges or claims except (a) such title defects which in the aggregate would not have a Material Adverse Effect, and (b) as permitted pursuant to SECTION 7.2.2.

SECTION 6.10 TAXES. The Borrower and each of its Subsidiaries has filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books except such returns and taxes for jurisdictions other than the United States with respect to which the failure to file and pay such taxes would not have a Material Adverse Effect.

SECTION 6.11 PENSION AND WELFARE PLANS. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien securing an amount in excess of \$1,000,000 under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Borrower or any member of the Controlled Group of any material liability, fine or penalty. Except as disclosed in ITEM 6.11 ("Employee Benefit Plans") of the Disclosure Schedule, neither the Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 6.12 ENVIRONMENTAL WARRANTIES. The Borrower has reasonably concluded that, except as disclosed in writing by the Borrower to the Lenders and the Agents, to the best of its knowledge after due inquiry: (a) all facilities and property (including underlying groundwater) owned, leased or operated by the Borrower or any Subsidiary have been, and continue to be, owned, leased or operated by the Borrower or any Subsidiary in compliance with all Environmental Laws except where such lack of compliance would not have or be reasonably expected to have a Material Adverse Effect; (b) there are no pending or threatened: (i) claims, complaints, notices or inquiries to, or requests for information received by, the Borrower or any Subsidiary with respect to any alleged violation of any Environmental Law, that, singly or in the aggregate, have or may reasonably be expected to have a Material Adverse Effect, or (ii) claims, complaints, notices or inquiries to, or requests for information received by, the Borrower or any Subsidiary regarding potential liability under any Environmental Law or under any common law theories relating to operations or the condition of any facilities or

property (including underlying groundwater) owned, leased or operated by the Borrower or any

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Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to have a Material Adverse Effect; (c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; (d) the Borrower and each Subsidiary have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters and necessary for their businesses, except where the absence of or failure to comply with such permits, certificates, approvals, licenses and other authorizations would not have or be reasonably expected to have a Material Adverse Effect; (e) no property now or previously owned, leased or operated by the Borrower or any Subsidiary is listed or proposed for listing on the National Priorities List pursuant to CERCLA, or, to the extent that such listing may, singly or in the aggregate, have, or may reasonably be expected to have a Material Adverse Effect, on the CERCLIS or on any other federal or state list of sites requiring investigation or clean-up; (f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned, leased or operated by the Borrower or any Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; (g) none of the Borrower or any Subsidiary has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, or, to the extent that such listing may, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect, on the CERCLIS or on any federal or state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to material claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury, including claims under CERCLA; (h) there are no polychlorinated biphenyls, radioactive materials or friable asbestos present at any property now or previously owned or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; and (i) no condition exists at, on or under any property now or previously owned or leased by the Borrower or any Subsidiary which, with the passage of time, or the giving of notice or both, would give rise to material liability under any Environmental Law that, singly or in the aggregate have, or may reasonably be expected to have a Material Adverse Effect.

SECTION 6.13. REGULATIONS G, T, U AND X. None of the Borrower and its Subsidiaries are engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation G, T, U or X. Terms for which meanings are provided in F.R.S. Board Regulation G, T, U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.14 VALIDITY OF STOCK PURCHASE AGREEMENT. At all times prior to the consummation of the Acquisition, the Stock Purchase Agreement shall constitute a legal, valid and binding obligation of SOC enforceable against SOC in accordance with its terms.

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SECTION 6.15 ACCURACY OF INFORMATION. All factual information heretofore or contemporaneously furnished by or on behalf of the Borrower in writing to the Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of the Borrower in writing to the Agent or any Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified and as of the date of execution and delivery of this Agreement by the Agent and such Lender, and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

SECTION 6.16 USE OF PROCEEDS. The proceeds of each Borrowing have

been applied in accordance with the FOURTH RECITAL; without limiting the foregoing, no proceeds of any Borrowing will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any "margin stock", as defined in F.R.S. Board Regulation U.

SECTION 6.17 EXISTING LIENS. None of the assets of the Borrower or any Subsidiary of the Borrower is subject to any Lien except the Liens permitted under SECTION 7.2.2.

SECTION 6.18 SOLVENCY. As of the date of the initial Borrowing, after giving effect to any Loans, Competitive Bid Loans, Guaranties and the Acquisition: (a) the Borrower and its Subsidiaries on a consolidated basis is Solvent; (b) SOC and its Subsidiaries on a consolidated basis is Solvent; and (c) during the period commencing on the date of the initial Borrowing and ending on the date the Term Loans are paid in full, EDC and its Subsidiaries on a consolidated basis is Solvent.

SECTION 6.19 NO DEFAULT. No Default shall have occurred or be continuing, and except for matters which could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries are in material violation of any law or governmental regulation or court order or decree.

ARTICLE VII

COVENANTS

SECTION 7.1 AFFIRMATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.1.

SECTION 7.1.1 FINANCIAL INFORMATION, REPORTS, NOTICES, ETC. The Borrower will furnish, or will cause to be furnished, to each Lender and the Agent copies of the following financial statements, reports, notices and information:

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(a) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by the chief financial Authorized Officer of the Borrower;

(b) as soon as available and in any event within 90 days after the end of each Fiscal Year of the Borrower, a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, in each case certified (without any Impermissible Qualification) in a manner acceptable to the Agent and the Required Lenders by independent public accountants of recognized national standing;

(c) as soon as available and in any event within 60 days after the end of each Fiscal Quarter, a certificate, executed by the chief financial Authorized Officer of the Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Agent) compliance with the financial covenants set forth in SECTION 7.2.3;

(d) promptly, and in any event within three Business Days after an officer of the Borrower or any of its Subsidiaries becomes aware of the existence of the occurrence of each Default, a statement of the chief executive officer or the most senior financial officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(e) promptly, and in any event within three Business Days after an officer of the Borrower or any of its Subsidiaries becomes aware of (x) the

occurrence of any adverse development with respect to any litigation, action, proceeding, or labor controversy described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, or (y) the commencement of any material labor controversy, litigation, action, proceeding of the type described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto requested by the Agent or any Lender;

(f) promptly after the sending or filing thereof, copies of all reports and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) immediately upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the

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incurrence by the Borrower of any liability, fine or penalty, or any increase in the contingent liability of the Borrower with respect to any post-retirement Welfare Plan benefit which would have or could reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto; and

(h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 7.1.2 COMPLIANCE WITH LAWS, ETC. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include (without limitation): (a) the maintenance and preservation of its corporate existence and qualification as a foreign corporation, (b) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and (c) all Environmental Laws; except; in each case, where the failure to so comply would not have or would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 MAINTENANCE OF PROPERTIES. The Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its properties in good repair, working order and condition, and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless the Borrower determines in good faith that the continued maintenance of any of its properties is no longer economically desirable or unless failure to so preserve, maintain, protect or keep its properties would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.4 INSURANCE. The Borrower will, and will cause each of its Subsidiaries to, maintain or cause to be maintained with responsible insurance companies insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses in similar locations.

SECTION 7.1.5 BOOKS AND RECORDS. The Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect, in accordance with GAAP, all of its business affairs and transactions and permit the Agent or its representatives, at reasonable times and intervals and upon reasonable prior notice to the Borrower, to visit all of its offices, to discuss its financial matters with its officers and employees and to examine any of its books or other corporate records; PROVIDED, HOWEVER, that prior notice to the Borrower shall not be required if an Event of Default has occurred or is continuing.

SECTION 7.1.6 CONDUCT OF BUSINESS. The Borrower will, and will cause each Subsidiary of the Borrower to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted or

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contemplated and to do all things reasonably necessary to remain duly incorporated, validly existing and in good standing as a domestic corporation in its jurisdiction of incorporation or as a partnership in its jurisdiction of organization, as the case may be, to maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted (except where the failure to do so would not have a Material Adverse Effect) and to keep in full force and effect its respective existence, rights, leases, patents, and all other licenses or rights necessary to comply with all Laws (except where the failure to do so would not have a Material Adverse Effect); PROVIDED, HOWEVER, that nothing in this SECTION 6.1.4 shall prevent the abandonment and retirement of property used or useful in the conduct of the business of the Borrower or any of its Subsidiaries, if, in the reasonable opinion of the Borrower or the applicable Subsidiary of the Borrower, such abandonment or retirement of property is in the interest of the Borrower or such Subsidiary and not prejudicial to the Lenders.

SECTION 7.1.7 MAINTENANCE OF EMPLOYEE BENEFIT PLANS. The Borrower will, and will cause each of its Subsidiaries to, maintain each employee benefit plan as to which the Borrower or any of its Subsidiaries may have any liability, in compliance in all material respects with all applicable requirements of law and regulations.

SECTION 7.1.8 RESOLUTIONS. The Borrower will, and will cause its Subsidiaries to, keep all of the director's resolutions described in SECTION 5.1.1 in full force and effect and not permit any amendment or other modification to such resolutions without the consent of the Required Lenders.

SECTION 7.1.9 NEW SIGNIFICANT SUBSIDIARIES. The Borrower will, and will cause each of its Subsidiaries to, cause any Subsidiary of the Borrower which Subsidiary (a) is a Significant Subsidiary that is formed or acquired after the date hereof or (b) becomes a Significant Subsidiary after the date hereof, to become a Guarantor with respect to, and jointly and severally liable with all other Guarantors for, all the obligations under this Agreement and the Notes by executing and delivering to the Lenders (a) a guaranty substantially in the form of the Guaranty attached hereto as EXHIBIT 5.1.3, (b) if reasonably requested by the Agent, a favorable opinion of counsel to the effect that such Guaranty has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of such Significant Subsidiary, enforceable in accordance with its terms, and (c) a certificate and such other items as required pursuant to SECTION 5.1.1 with respect to such new Significant Subsidiary.

SECTION 7.2 NEGATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.2.

SECTION 7.2.1 BUSINESS ACTIVITIES. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business activity if, as a result thereof, the Borrower and its Subsidiaries taken as a whole would no longer be principally engaged in those business activities described in the FIRST RECITAL and such activities as may be incidental or related thereto.

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SECTION 7.2.2 LIENS. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except: (a) Liens securing payment of the Obligations, granted pursuant to any Loan Document; (b) Liens granted prior to the Effective Date to secure payment of Indebtedness; (c) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its

books; (d) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books; (e) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds; (f) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and (g) Liens on cash or cash-equivalents securing Hedging Obligations of the Borrower or any of its Subsidiaries not in excess in the aggregate of \$5,000,000 for all such cash and cash equivalents; (h) any Lien existing on any asset of any Person at the time such Person becomes a Subsidiary and not created in contemplation of such event; (i) any Lien existing on any asset prior to the acquisition thereof by the Borrower or a Subsidiary and not created in contemplation of such acquisition; (j) Liens in favor of the United States of America or any state thereof or any department, agency, instrumentality or political subdivision of any such jurisdiction to secure partial, progress, advance or other payments pursuant to any contract or statute; (k) Liens required by any contract or statute in order to permit the Borrower or a Subsidiary to perform any contract or subcontract made by it with or at the request of the United States of America, any state or any department, agency or instrumentality or political subdivision of either; (l) Liens securing Debt owing by any Subsidiary to the Borrower or any Guarantor; (m) Liens under operating agreements, unitization agreements, pooling orders, and similar arrangements; (n) in addition to those Liens permitted above, Liens securing Indebtedness which do not encumber or attach to any equity interest in a Significant Subsidiary so long as the time each such Lien attaches, Restricted Indebtedness does not exceed the Restricted Indebtedness Basket; and (o) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses of this Section or of any Debt secured thereby; PROVIDED that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement Lien shall be limited to all or part of substantially the same property subject of the Lien extended, renewed or replaced (plus improvements on such property).

SECTION 7.2.3 FINANCIAL COVENANTS. The Borrower will not and will not permit any of its Subsidiaries to:

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(a) EBITDA TO TOTAL INTEREST EXPENSE. Permit the ratio of EBITDA to Total Interest Expense for any consecutive period of four fiscal quarters ending on the last day of a fiscal quarter to be less than 7.0:1.0.

(b) TOTAL DEBT TO CAPITALIZATION. Permit the Total Debt to Capitalization Ratio, expressed as a percentage, to exceed at any time during the following periods the percentage specified: (a) for the period commencing on the Effective Date and ending on June 30, 1997, 75%, (b) for the period commencing on July 1, 1997 and ending on March 31, 1998, 65% and (c) for the period commencing April 1, 1998 and thereafter, 55%.

SECTION 7.2.4 RESTRICTED PAYMENTS, ETC. On and at all times after the Effective Date, the Borrower will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of the Borrower or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splitups or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase or redeem, any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, or warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, if, after giving effect thereto, a Default or Event of Default

shall have occurred and be continuing.

SECTION 7.2.5 INDEBTEDNESS. The Borrower will not permit any of its Significant Subsidiaries to contract, create, incur or assume any Indebtedness, except (i) (A) Indebtedness of a Significant Subsidiary owed to the Borrower or one of the Borrower's other Significant Subsidiaries and (B) provided that such Indebtedness is subordinated to such Significant Subsidiary's Obligations upon terms and conditions satisfactory to the Required Lenders, Indebtedness of a Significant Subsidiary owed to a Subsidiary of the Borrower (other than a Significant Subsidiary) or (ii) other Indebtedness if at the time of incurrence thereof, and after giving effect thereto Restricted Indebtedness does not exceed the Restricted Indebtedness Basket.

SECTION 7.2.6 CONSOLIDATION, MERGER, ETC. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, or purchase or otherwise acquire all or substantially all of the assets of any Person (or of any division thereof) except (a) any such Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary, and the assets or stock of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary; and (b) so long as no Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may purchase all or substantially all of the assets of any Person, or acquire such Person by merger (as long as the Borrower or such Subsidiary is the surviving entity).

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SECTION 7.2.7 TRANSACTIONS WITH AFFILIATES. The Borrower will not, and will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement or contract is on an "arms length" basis and is an arrangement or contract of the kind which would be entered into by a prudent Person in the position of the Borrower or such Subsidiary with a Person which is not one of its Affiliates.

SECTION 7.2.8 NEGATIVE PLEDGES, RESTRICTIVE AGREEMENTS, ETC. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any agreement (excluding this Agreement, any other Loan Document and any agreement governing any Indebtedness not prohibited under this Agreement) prohibiting the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, or the ability of the Borrower or any other Obligor to amend or otherwise modify this Agreement or any other Loan Document. The Borrower will not and will not permit any of its Subsidiaries to enter into any agreement prohibiting the ability of any Subsidiary to make any payments, directly or indirectly, to the Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to the Borrower.

ARTICLE VIII

EVENTS OF DEFAULT

SECTION 8.1 LISTING OF EVENTS OF DEFAULT. Each of the following events or occurrences described in this SECTION 8.1 shall constitute an "EVENT OF DEFAULT".

SECTION 8.1.1 NON-PAYMENT OF OBLIGATIONS. The Borrower shall default in the payment or prepayment when due of any principal of or interest on any Loan or Competitive Bid Loan, or the Borrower shall default (and such default shall continue unremedied for a period of five days) in the payment when due of any fee or of any other Obligation.

SECTION 8.1.2 BREACH OF WARRANTY. Any representation or warranty of the Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any certificates delivered pursuant to ARTICLE V is or shall be incorrect in any material respect when made or deemed made; PROVIDED, HOWEVER, that in the event that any representation or warranty made by the Borrower with respect to EDC pursuant to SECTION 6.5 shall be

incorrect in any material respect, no Event of Default shall be deemed to have occurred under this SECTION 8.1.2 so long as (a) the Borrower shall have an indemnity pursuant to the Stock Purchase Agreement from Enterprise Diversified Holdings Incorporated ("Enterprise") with respect to such misrepresentation or incorrectness, and (b) either (i) the Borrower shall be diligently pursuing with appropriate proceedings the enforcement of its rights in respect of such indemnity or (ii) Enterprise shall have acknowledged and agreed to pay its liability in respect of such matter in a manner reasonable acceptable to the Required Lenders.

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SECTION 8.1.3 NON-PERFORMANCE OF CERTAIN COVENANTS AND OBLIGATIONS. The Borrower shall default in the due performance and observance of any of its obligations under SECTION 5.3, 7.2.2, 7.2.3, 7.2.6 or 7.2.8; PROVIDED that the imposition of any non-consensual Lien that is not permitted to exist pursuant to SECTION 7.2.2 shall not be deemed to constitute an Event of Default hereunder until thirty (30) days after the date of such imposition.

SECTION 8.1.4 NON-PERFORMANCE OF OTHER COVENANTS AND OBLIGATIONS. The Borrower or any other Obligor shall default in the due performance and observance of any other provision contained herein (not constituting an Event of Default under the preceding provisions of this SECTION 8.1) or in any Guaranty or any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Borrower by the Agent or any Lender.

SECTION 8.1.5 DEFAULT ON OTHER INDEBTEDNESS. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness (other than Indebtedness described in SECTION 8.1.1) of the Borrower or any of its Subsidiaries or any other Obligor having a principal amount, individually or in the aggregate, in excess of \$25,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 8.1.6 JUDGMENTS. Any judgment or order for the payment of money in excess of \$25,000,000 shall be rendered against the Borrower or any of its Significant Subsidiaries or any other Obligor if such excess is not fully covered by valid and collectible insurance in respect thereof, the payment of which is not being disputed or contested by the insurer or the insurers, and (b) either (i) proper or valid enforcement or levying proceedings shall have been commenced by any creditor upon such judgment or order or (ii) such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) consecutive days.

SECTION 8.1.7 PENSION PLANS. Any of the following events shall occur with respect to any Pension Plan (a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of \$25,000,000; or (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien securing an amount in excess of \$1,000,000 under section 302(f) of ERISA.

SECTION 8.1.8 CHANGE OF CONTROL. Any Change in Control shall occur.

SECTION 8.1.9 BANKRUPTCY, INSOLVENCY, ETC. The Borrower or any of its Significant Subsidiaries or any other Obligor shall (a) become insolvent or generally fail to pay,

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or admit in writing its inability or unwillingness to pay, debts as they

become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Significant Subsidiaries or any other Obligor or any substantial portion of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Significant Subsidiaries or any other Obligor or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that the Borrower, each Significant Subsidiary and each other Obligor hereby expressly authorizes the Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Significant Subsidiaries or any other Obligor, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary or such other Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Significant Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower, each Significant Subsidiary and each other Obligor hereby expressly authorizes the Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10 IMPAIRMENT OF GUARANTY. (a) Any Guaranty shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; or (b) the Borrower, any other Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability.

SECTION 8.2 ACTION IF BANKRUPTCY. If any Event of Default described in SECTION 8.1.9 shall occur with respect to the Borrower or any Significant Subsidiary or any other Obligor, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Borrowings and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 ACTION IF OTHER EVENT OF DEFAULT. If any Event of Default (other than any Event of Default described in SECTION 8.1.9 with respect to the Borrower or any Significant Subsidiary or any other Obligor) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Borrowings and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately

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due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate.

ARTICLE IX

THE AGENT

SECTION 9.1 ACTIONS. Each Lender hereby appoints UBS as its Agent under and for purposes of this Agreement, the Notes and each other Loan Document. Each Lender authorizes the Agent to act on behalf of such Lender under this Agreement, the Notes and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agent (with respect to which the Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof, together with such

powers as may be reasonably incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Agent, PRO RATA according to such Lender's Percentage, whether or not related to any negligence of the Agent, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Agent in any way relating to or arising out of this Agreement, the Notes and any other Loan Document, including reasonable attorneys' fees, and as to which the Agent is not reimbursed by the Borrower; PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Agent's gross negligence or wilful misconduct. The Agent shall not be required to take any action hereunder, under the Notes or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Agent shall be or become, in the Agent's determination, inadequate, the Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2 FUNDING RELIANCE, ETC. Unless the Agent shall have been notified by telephone, confirmed in writing, by any Lender by 5:00 p.m., New York time, on the day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Agent may assume that such Lender has made such amount available to the Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Agent, such Lender and the Borrower severally agree to repay the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Agent made such amount available to the Borrower to the date such amount is repaid to the Agent, at the Federal Funds Rate.

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SECTION 9.3 EXCULPATION. Neither the Agent nor any of its directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own wilful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by the Agent shall not obligate it to make any further inquiry or to take any action. The Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 SUCCESSOR. The Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Agent at any time shall resign, the Required Lenders may appoint another Lender as a successor Agent which shall thereupon become the Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as the Agent, the provisions of (a) this ARTICLE IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement, and (b) SECTION 10.3 and SECTION 10.4 shall continue to inure to its benefit.

SECTION 9.5 LOANS BY UBS. UBS shall have the same rights and powers with respect to (x) the Loans made by it or any of its Affiliates, and (y) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not the Agent. UBS and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if UBS were not the Agent hereunder.

SECTION 9.6 CREDIT DECISIONS. Each Lender acknowledges that it has, independently of the Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Agent and each other Lender, and based on such other documents, information and

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investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 9.7 COPIES, ETC. The Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). The Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Agent from the Borrower for distribution to the Lenders by the Agent in accordance with the terms of this Agreement.

ARTICLE X

MISCELLANEOUS PROVISIONS

SECTION 10.1 WAIVERS, AMENDMENTS, ETC. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; PROVIDED, HOWEVER, that no such amendment, modification or waiver which would: (a) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender; (b) modify this SECTION 10.1, change the definition of "REQUIRED LENDERS", increase any Commitment Amount or the Percentage of any Lender, reduce any fees described in ARTICLE III, change the schedule of reductions to the Commitments provided for in SECTION 2.2.2, release any collateral security except as otherwise specifically provided in any Loan Document or extend any Commitment Termination Date, shall be made without the consent of each Lender; (c) extend the due date for, or reduce the amount of, any scheduled repayment or prepayment of principal of or interest on any Loan (or reduce the principal amount of or rate of interest on any Loan) shall be made without the consent of the holder of that Note evidencing such Loan; or (d) affect adversely the interests, rights or obligations of the Agent QUA the Agent shall be made without consent of the Agent.

No failure or delay on the part of the Agent, any Lender or the holder of any Note in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Agent, any Lender or the holder of any Note under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 NOTICES. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by

facsimile and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or set forth in the Lender Assignment Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted and receipt is confirmed.

SECTION 10.3 PAYMENT OF COSTS, EXPENSES AND TAXES. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent (including, without limitation, the reasonable fees and out-of-pocket expenses of Messrs. Mayer, Brown & Platt and of local counsel, if any, who may be retained by said counsel) in connection with (i) the preparation, negotiation, execution, delivery, syndication and administration of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modification to this Agreement or any other Loan Document and (ii) the enforcement by the Lenders or the Agent of, or the protection of rights under, this Agreement, the Notes and each other Loan Document. The Agent and each Lender agree to the extent feasible, and to the extent a conflict of interest does not exist in the reasonable opinion of the Agent or any Lender, to use one law firm in each jurisdiction in connection with the foregoing, to the extent they seek reimbursement for the expenses thereof from the Borrower. Each Lender agrees to reimburse the Agent on demand for such Lender's PRO RATA share (based upon its respective Percentage) of any such costs or expenses not paid by the Borrower. In addition, the Borrower agrees to pay, and to save the Agent and the Lenders harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Agreement, the Borrowings hereunder, or the issuance of the Notes, or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith.

SECTION 10.4 INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies, exonerates and holds the Agent and each Lender and each of their respective officers, directors, employees and agents (collectively, the "INDEMNIFIED PARTIES"), whether or not related to any negligence of 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 (a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan; (b) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties; (c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrower or any of its Significant Subsidiaries of all or any portion of the stock or assets of any Person, whether or not the Agent or such Lender is party thereto; (d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the

Release by the Borrower or any of its Significant Subsidiaries of any Hazardous Material; or (e) 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 Borrower 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 Borrower or such Subsidiary, except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason,

the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 SURVIVAL. The obligations of the Borrower under SECTIONS 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under SECTION 9.1, shall in each case survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments. The representations and warranties made by each Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 10.6 SEVERABILITY. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 HEADINGS. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 10.8 EXECUTION IN COUNTERPARTS, EFFECTIVENESS, ETC. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be executed by the Borrower and the Agent and be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower and each Lender (or notice thereof satisfactory to the Agent) shall have been received by the Agent and notice thereof shall have been given by the Agent to the Borrower and each Lender.

SECTION 10.9 GOVERNING LAW; ENTIRE AGREEMENT. THIS AGREEMENT, THE NOTES AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK. This Agreement, the Notes and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

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SECTION 10.10 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; PROVIDED, HOWEVER, that: (a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Agent and all Lenders; and (b) the rights of sale, assignment and transfer of the Lenders are subject to SECTION 10.11.

SECTION 10.11 SALE AND TRANSFER OF LOANS AND NOTES; PARTICIPATIONS IN LOANS AND NOTES. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with this SECTION 10.11.

SECTION 10.11.1 ASSIGNMENTS. Any Lender, (a) with the written consents of the Borrower and the Agent (which consents shall not be unreasonably delayed or withheld, may at any time assign and delegate to one or more commercial banks or other financial institutions, and (b) with notice to the Borrower and the Agent, but without the consent of the Borrower or the Agent, may assign and delegate to any of its Affiliates or to any other Lender (each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "ASSIGNEE LENDER"), all or any fraction of such Lender's total Loans and Commitments (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitments and which shall be of equal PRO RATA shares of the Revolving Facility and the Term Facility) in a minimum aggregate amount of \$10,000,000; PROVIDED, HOWEVER, that any such Assignee Lender will comply, if applicable, with the provisions contained in the last sentence of SECTION 4.6 and FURTHER, PROVIDED, HOWEVER, that, the Borrower, each other Obligor and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and

delegated to an Assignee Lender until (c) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Agent by such Lender and such Assignee Lender, (d) such Assignee Lender shall have executed and delivered to the Borrower and the Agent a Lender Assignment Agreement, accepted by the Agent, and (e) the processing fees described below shall have been paid.

From and after the date that the Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Within five Business Days after its receipt of notice that the Agent has received an executed Lender Assignment Agreement, the Borrower shall execute and deliver to the Agent (for delivery to the relevant Assignee Lender) new Notes evidencing such Assignee Lender's assigned Loans and Commitments and, if the assignor Lender has retained Loans and Commitments hereunder, replacement Notes in the principal amount of the Loans and Commitments retained by the assignor Lender hereunder (such Notes to be in exchange for, but not in payment of, those Notes then held by such assignor Lender). Each such

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Note shall be dated the date of the predecessor Notes. The assignor Lender shall mark the predecessor Notes "exchanged" and deliver them to the Borrower. Accrued interest on that part of the predecessor Notes evidenced by the new Notes, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Notes evidenced by the replacement Notes shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Notes and in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Agent upon delivery of any Lender Assignment Agreement in the amount of \$2,000. Any attempted assignment and delegation not made in accordance with this SECTION 10.11.1 shall be null and void.

SECTION 10.11.2 PARTICIPATIONS. Any Lender may at any time sell to one or more commercial banks or other Persons (each of such commercial banks and other Persons being herein called a "PARTICIPANT") participating interests in any of the Loans, Commitments, or other interests of such Lender hereunder; PROVIDED, HOWEVER, that (a) no participation contemplated in this SECTION 10.11 shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document, (b) such Lender shall remain solely responsible for the performance of its Commitments and such other obligations, (c) the Borrower and each other Obligor and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents, (d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in CLAUSE (B) or (C) of SECTION 10.1, and (e) the Borrower shall not be required to pay any amount under SECTION 4.6 that is greater than the amount which it would have been required to pay had no participating interest been sold. The Borrower acknowledges and agrees that each Participant, for purposes of SECTIONS 4.3, 4.4, 4.5, 4.6, 4.8, 4.9 and 10.4, shall be considered a Lender; provided that this sentence shall not obligate Borrower to pay more under such Sections that it would be obligated to pay had no such participation been granted.

SECTION 10.12 OTHER TRANSACTIONS. Nothing contained herein shall preclude the Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13 FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE

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SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER, THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER, THE AGENT, AND EACH LENDER FURTHER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE BORROWER, THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.14 WAIVER OF JURY TRIAL. THE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

NOBLE AFFILIATES, INC.

By: _____

Name: William D. Dickson
Title: Vice President Finance and Treasurer

Address: 110 West Broadway
Ardmore, Oklahoma 73401

Facsimile No.: 405/221-1386

Telephone No.: 405/223-4110

Attention: William D. Dickson

UNION BANK OF SWITZERLAND,
Houston Agency, as Agent

By: _____

Name: Finley Biggerstaff
Title: Assistant Treasurer

By: _____

Name: Evans Swann
Title: Managing Director

Address: 1100 Louisiana, Suite 4500
Houston, TX 77002

Facsimile No.: (713) 655-6555

Attention: Finley Biggerstaff
Telephone: (713) 655-6500

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LENDERS

PERCENTAGE

100%

UNION BANK OF SWITZERLAND,
Houston Agency

By: _____

Name: Finley Biggerstaff
Title: Assistant Treasurer

By: _____

Name: Evans Swann
Title: Managing Director

Domestic
Office: 1100 Louisiana, Suite 4500
Houston, Texas 77002

Facsimile No.: (713) 655-6555

Attention: Finley Biggerstaff
Telephone: (713) 655-6500

Eurodollar
Office: 1100 Louisiana, Suite 4500
Houston, Texas 77002

Facsimile No.: (713) 655-6555

Attention: Finley Biggerstaff
Telephone: (713) 655-6500

100%

SCHEDULE I

DISCLOSURE SCHEDULE

ITEM 5.1.6 MATERIAL ADVERSE CHANGE. The financial statements of EDC will be supplemented to reflect a downward revision to the estimated value of the oil and gas reserves of EDC.

ITEM 5.3.3 INDEBTEDNESS TO BE PAID. Indebtedness outstanding under that Credit Agreement dated May 27, 1994 among Noble Affiliates, Inc., the Banks party thereto and Texas Commerce Bank National Association, as Agent.

ITEM 6.5 FINANCIAL CONDITION. The financial statements of EDC will be supplemented to reflect a downward revision to the estimated value of the oil and gas reserves of EDC.

ITEM 6.7 LITIGATION. See below.

ITEM 6.8 EXISTING SUBSIDIARIES.

Name -----	State of Jurisdiction or ----- Organization -----	Ownership % -----
Samedan Oil Corporation	Delaware	100% owned by Noble Affiliates, Inc.
Samedan Oil of Canada, Inc.	Delaware	100% owned by Samedan Oil Corporation
Samedan of North Africa, Inc.	Delaware	100% owned by Samedan Oil Corporation
Samedan North Sea, Inc.	Delaware	100% owned by Samedan Oil Corporation
Samedan Oil of Indonesia, Inc.	Delaware	100% owned by Samedan Oil Corporation
Samedan Pipe Line Corporation	Delaware	100% owned by Samedan Oil Corporation
Samedan Royalty Corporation	Delaware	100% owned by Samedan Oil Corporation
Samedan of Tunisia, Inc.	Delaware	100% owned by Samedan Oil Corporation

Name -----	State of Jurisdiction or ----- Organization -----	Ownership % -----
Samedan - NEEI Exploration Company	Oklahoma	50% general partnership interest owned by Samedan Oil Corporation
Temin 1987 Partnership	Oklahoma	50% general partnership interest owned by Samedan Oil Corporation
Comin 1989 Partnership	Oklahoma	50% general partnership

interest owned by Samedan Royalty Corporation

Shipride Partnership	Oklahoma	50% general partnership interest owned by Samedan Royalty Corporation
Samedan of Papua New Guinea, Inc.	Delaware	100% owned by Samedan Oil Corporation
Noble Gas Marketing, Inc.	Delaware	100% owned by Noble Affiliates, Inc.
Noble Gas Pipeline, Inc.	Delaware	100% owned by Noble Gas Marketing, Inc.
Noble Trading, Inc.	Delaware	100% owned by Noble Affiliates, Inc.
NPM, Inc.	Delaware	100% owned by Noble Affiliates, Inc.
Samedan LPG	Cayman Islands	100% owned by Samedan of North Africa, Inc.

ITEM 6.11 EMPLOYEE BENEFIT PLANS. Noble Affiliates, Inc. and Samedan Oil Corporation provide subsidized health care and life insurance benefits to their early retirees (retirees who have completed at least twenty years of service or retirees who have attained age 55 and completed at least five years of service) for the period of their retirement prior to attaining age 65.

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ITEM 6.12 ENVIRONMENTAL MATTERS. Samedan Oil Corporation is named as a Potentially Responsible Party in the McBay Superfund oilfield dumpsite in Houston County, Texas, with an approximate share of 0.001147% of this superfund site and is not materially exposed financially even though insurance will not be available to cover our liability of an estimated \$25,000 or less.

Each Item is qualified by those matters disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Notes to Financial Statements made a part of the annual report for 1995 and the quarterly report for the quarter ended March 31, 1996 of Noble Affiliates, Inc.

Each Item is qualified by those matters disclosed in the Stock Purchase Agreement.

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EXHIBIT 2.2.1

COMPETITIVE BID NOTE

\$400,000,000

To: [Name of Lender]

Re: Invitation for Competitive Bid Quotes to Noble Affiliates, Inc. (the "Borrower")

Pursuant to SECTION 2.2.3 of the Credit Agreement dated as of July 31, 1996 (the "CREDIT AGREEMENT") among the Borrower, the Lenders parties thereto and the undersigned, as Agent, we are pleased on behalf of the Borrower to invite you to submit Competitive Bid Quotes to the Borrower for the following proposed Competitive Bid Advance(s):

Borrowing Date: _____, 19 _____

Principal Amount Interest Period

\$

Such Competitive Bid Quotes should offer [a Competitive Bid Margin] [an Absolute Rate]. Your Competitive Bid Quote must comply with SECTION 2.2.4 of the Credit Agreement and the foregoing. Capitalized terms used herein have the meanings assigned to them in the Credit Agreement.

Please respond to this invitation by no later than [10:00 a.m.] [1:00 p.m.,] New York time on _____, 19 _____

UNION BANK OF SWITZERLAND,
HOUSTON AGENCY, as Agent

By: _____
Authorized Officer

EXHIBIT 2.2.4
COMPETITIVE BID QUOTE

_____, 19 _____

To: Union Bank of Switzerland, Houston Agency, as Agent
Attn: _____

Re: Competitive Bid Quote to Noble Affiliates, Inc. (the "Borrower")

In response to your invitation on behalf of the Borrower dated _____, 199_, we hereby make the following Competitive Bid Quote pursuant to SECTION 2.2.4 of the Credit Agreement hereinafter referred to and on the following terms:

- 1. Quoting Lender: _____
- 2. Person to contact at Quoting Lender: _____
- 3. Borrowing Date: _____, 19 (1) _____

4. We hereby offer to make Competitive Bid Loan(s) in the following principal amounts, for the following Interest Periods and at the following rates:

Principal Amount(2)	Interest Period(3)	[Competitive Bid Margin(4)]	[Absolute Rate(5)]	Minimum Amount(6)
-----	-----	-----	-----	-----
\$				

-
- (1) As specified in the related Invitation For Competitive Bid Quotes.
 - (2) Principal amount bid for each Interest Period may not exceed the principal amount requested. Bids must be made for at least \$10,000,000 and an integral multiple of \$1,000,000.
 - (3) One, two, three or six months or at least 14 and up to 90 days, as specified in the related Invitation For Competitive Bid Quotes.
 - (4) Competitive Bid Margin over or under the Eurodollar Rate determined for the applicable Interest Period. Specify percentage (rounded to the nearest 1/100 of 1%) and specify whether "PLUS" or "MINUS".
 - (5) Specify rate of interest per annum (rounded to the nearest 1/100 of 1%).
 - (6) Specify minimum or maximum amount, if any, which the Borrower may accept and/or the limit, if any, as to the aggregate principal amount of the Competitive Bid Loans of the quoting Lender which the Borrower may accept (see SECTION 2.2.4(b)(iv)).

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement dated as of July 31, 1996 among the Borrower, the Lenders listed on the signature pages thereof and yourselves, as Agent (the "Credit Agreement"), irrevocably obligates us to make the Competitive Bid Loan(s) for which any offer(s) are accepted, in whole or in part. Capitalized terms used herein and not otherwise defined herein shall have their meanings as defined in the Credit Agreement.

Very truly yours,

[NAME OF BANK]

Dated: _____, 19

By: _____
 Authorized Officer

By _____
Title:

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EXHIBIT 2.6

CONTINUATION/CONVERSION NOTICE

Union Bank of Switzerland, Houston Agency
1100 Louisiana St., Suite 4500
Houston, Texas 77002

Attention: [Name]
[Title]

NOBLE AFFILIATES, INC.

Gentlemen and Ladies:

This Continuation/Conversion Notice is delivered to you pursuant to SECTION 2.6 of the Credit Agreement, dated as of July 31, 1996 (together with all amendments, if any, from time to time made thereto, the "CREDIT AGREEMENT"), among Noble Affiliates, Inc., a Delaware corporation (the "BORROWER"), certain financial institutions and Union Bank of Switzerland, Houston Agency, (the "AGENT"). Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____, 19____,

(1) \$_____ of the presently outstanding principal amount of the [Term Loans] [Revolving Loans] originally made on _____, 19____ [and \$_____ of the presently outstanding principal amount of the [Term Loans] [Revolving Loans] originally made on _____, 19____],

(2) and all presently being maintained as *[Base Rate Loans] [Eurodollar Loans],

(3) be [converted into] [continued as],

(4) **[Eurodollar Loans having an Interest Period of _____ months] [Base Rate Loans].

* Select appropriate interest rate option.

** Insert appropriate interest rate option.

The Borrower hereby:

(a) certifies and warrants that no Default or Event of Default has occurred and is continuing; and

(b) agrees that if prior to the time of such continuation or conversion any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify the Agent.

Except to the extent, if any, that prior to the time of the continuation or conversion requested hereby the Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed to be certified at the date of such continuation or conversion as if then made.

The Borrower has caused this Continuation/Conversion Notice to be executed and delivered, and the certification and warranties contained herein to be made, by its Authorized Officer this ___ day of _____, 19__.

NOBLE AFFILIATES, INC.

By _____
Title:

EXHIBIT 2.8A

REVOLVING NOTE

\$ _____

FOR VALUE RECEIVED, the undersigned, NOBLE AFFILIATES, INC., a Delaware corporation (the "BORROWER"), promises to pay to the order of _____ (the "LENDER") on _____, 19__ the principal sum of _____ DOLLARS (\$_____) or, if less, the aggregate unpaid principal amount of all Revolving Loans shown on the schedule attached hereto (and any continuation thereof) made by the Lender pursuant to that certain Credit Agreement, dated as of July 31, 1996 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "CREDIT AGREEMENT"), among the Borrower, UNION BANK OF SWITZERLAND, HOUSTON AGENCY, as Agent, and the various financial institutions (including the Lender) as are, or may from time to time become, parties thereto.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in same day or immediately available funds to the account designated by the Agent pursuant to the Credit Agreement.

This Note is one of the Revolving Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and

FORM OF GUARANTY

THIS GUARANTY (this "GUARANTY"), dated as of [July 31, 1996], made by _____, a _____ corporation (the "GUARANTOR"), in favor of each of the Lender Parties (as defined below).

W I T N E S S E T H:

WHEREAS, pursuant to a Credit Agreement, dated as of July 31, 1996 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "CREDIT AGREEMENT"), among Noble Affiliates, Inc., a Delaware corporation (the "BORROWER"), the various commercial lending institutions (individually a "LENDER" and collectively the "LENDERS") as are, or may from time to time become, parties thereto and Union Bank of Switzerland, Houston Agency, as agent (together with any successor(s) thereto in such capacity, the "AGENT") for the Lenders, the Lenders have extended agreed to extend Loans and Competitive Bid Loans to the Borrower; and

WHEREAS, as a condition to the Credit Agreement, the Guarantor is required to execute and deliver this Guaranty; and

WHEREAS, the Guarantor has duly authorized the execution, delivery and performance of this Guaranty; and

WHEREAS, it is in the best interests of the Guarantor to execute this Guaranty inasmuch as the Guarantor will derive substantial direct and indirect benefits from the Loans and Competitive Bid Advances made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement;

NOW THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, and in order to induce the Lenders to make Loans (including the initial Borrowing) and Competitive Bid Advances to the Borrower pursuant to the Credit Agreement, the Guarantor agrees, for the benefit of each Lender Party, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. CERTAIN TERMS. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the

following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"AGENT" is defined in the FIRST RECITAL.

"BORROWER" is defined in the FIRST RECITAL.

"CREDIT AGREEMENT" is defined in the FIRST RECITAL.

"GUARANTOR" is defined in the PREAMBLE.

"GUARANTY" is defined in the PREAMBLE.

"LENDER" is defined in the FIRST RECITAL.

"LENDER PARTY" means, as the context may require, any Lender or the Agent and each of their respective successors, transferees and assigns.

"LENDERS" is defined in the FIRST RECITAL.

"TAXES" is defined in CLAUSE (a) of SECTION 2.8.

"U.C.C." means the Uniform Commercial Code as in effect in the State of New York.

SECTION 1.2. CREDIT AGREEMENT DEFINITIONS. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including

its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3. U.C.C. DEFINITIONS. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the U.C.C. are used in this Guaranty, including its preamble and recitals, with such meanings.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1. GUARANTY. The Guarantor hereby absolutely, unconditionally and irrevocably (a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of the Borrower and each other Obligor now or hereafter existing under the Credit Agreement, the Notes and each other Loan Document to which the Borrower or such other Obligor is or may become a party, whether for principal, interest, fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section

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362(a) of the United States Bankruptcy Code, 11 U.S.C. Section 362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. Section 502(b) and Section 506(b)), and (b) indemnifies and holds harmless each Lender Party and each holder of a Note for any and all costs and expenses (including reasonable attorney's fees and expenses) incurred by such Lender Party or such holder, as the case may be, in enforcing any rights under this Guaranty; PROVIDED, HOWEVER, that the Guarantor shall be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and the Guarantor specifically agrees that it shall not be necessary or required that any Lender Party or any holder of any Note exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Borrower or any other Obligor before or as a condition to the obligations of the Guarantor hereunder.

SECTION 2.2. ACCELERATION OF GUARANTY. The Guarantor agrees that, in the event of the dissolution or insolvency of the Borrower, any other Obligor or the Guarantor, or the inability or failure of the Borrower, any other Obligor or the Guarantor to pay debts as they become due, or an assignment by the Borrower, any other Obligor or the Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of the Borrower, any other Obligor or the Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations of the Borrower and each other Obligor may not then be due and payable, the Guarantor will pay to the Lenders forthwith the full amount which would be payable hereunder by the Guarantor if all such Obligations were then due and payable.

SECTION 2.3. GUARANTY ABSOLUTE, ETC. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until all Obligations of the Borrower and each other Obligor have been paid in full, all obligations of the Guarantor hereunder shall have been paid in full and all Commitments shall have terminated. The Guarantor guarantees that the Obligations of the Borrower and each other Obligor will be paid strictly in accordance with the terms of the Credit Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Lender Party or any holder of any Note with respect thereto. The liability of the Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of the Credit Agreement, any Note or any other Loan Document;

(b) the failure of any Lender Party or any holder of any Note (i) to assert any claim or demand or to enforce any right or remedy against the

Borrower, any other Obligor or any other Person (including any other guarantor) under the provisions of the Credit Agreement, any Note, any other Loan Document or otherwise, or (ii) to exercise any right or remedy against any

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other guarantor of, or collateral securing, any Obligations of the Borrower or any other Obligor;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Borrower or any other Obligor, or any other extension, compromise or renewal of any Obligation of the Borrower or any other Obligor;

(d) any reduction, limitation, impairment or termination of any Obligations of the Borrower or any other Obligor for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and the Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations of the Borrower, any other Obligor or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Credit Agreement, any Note or any other Loan Document;

(f) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty, held by any Lender Party or any holder of any Note securing any of the Obligations of the Borrower or any other Obligor; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower, any other Obligor, any surety or any guarantor.

SECTION 2.4. REINSTATEMENT, ETC. The Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be restored by any Lender Party or any holder of any Note, upon the insolvency, bankruptcy or reorganization of the Borrower, any other Obligor or otherwise, all as though such payment had not been made.

SECTION 2.5. WAIVER, ETC. The Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of the Borrower or any other Obligor and this Guaranty and any requirement that the Agent, any other Lender Party or any holder of any Note protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any right or take any action against the Borrower, any other Obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations of the Borrower or any other Obligor, as the case may be.

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SECTION 2.6. WAIVER OF SUBROGATION. The Guarantor hereby irrevocably waives any claim or other rights which it may now or hereafter acquire against the Borrower or any other Obligor that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty or any other Loan Document, including any right of subrogation, reimbursement, exoneration, or indemnification, any right to participate in any claim or remedy of the Lender Parties against the Borrower or any other Obligor or any collateral which the Agent now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, including the right to take or receive from the Borrower or any other Obligor, directly or indirectly, in cash or other property or by set-off or in any manner, payment or security on account of such claim or other rights. If any amount shall be paid to the Guarantor in violation of the preceding sentence

and the Obligations shall not have been paid in cash in full and the Commitments have not been terminated, such amount shall be deemed to have been paid to the Guarantor for the benefit of, and held in trust for, the Lender Parties, and shall forthwith be paid to the Lender Parties to be credited and applied upon the Obligations, whether matured or unmatured. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Credit Agreement and that the waiver set forth in this Section is knowingly made in contemplation of such benefits.

SECTION 2.7. SUCCESSORS, TRANSFEREES AND ASSIGNS; TRANSFERS OF NOTES, ETC. This Guaranty shall: (a) be binding upon the Guarantor, and its successors, transferees and assigns; and (b) inure to the benefit of and be enforceable by the Agent and each other Lender Party. Without limiting the generality of the foregoing CLAUSE (b), any Lender may assign or otherwise transfer (in whole or in part) any Note or Loan held by it to any other Person or entity, and such other Person or entity shall thereupon become vested with all rights and benefits in respect thereof granted to such Lender under any Loan Document (including this Guaranty) or otherwise, subject, however, to any contrary provisions in such assignment or transfer, and to the provisions of Section 10.11 and Article IX of the Credit Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.1. ORGANIZATION, ETC. Guarantor is a [corporation] validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign [corporation] in each jurisdiction where the nature of its business requires such qualification, and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement and each other Loan Document to which it is a party and to conduct its business substantially as currently conducted by it (except where the failure to be qualified to do business or be in good standing or to hold any such licenses, permits and other approvals will not have a Material Adverse Effect).

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SECTION 3.2. DUE AUTHORIZATION, NON-CONTRAVENTION, ETC. The execution, delivery and performance by the Guarantor of this Guaranty and each other Loan Document executed or to be executed by it, and the Guarantor's participation in the acquisition of EDC or any other transaction contemplated herein are within the Guarantor's [corporate] powers, have been duly authorized by all necessary corporate action, and do not (a) contravene the Guarantor's Organic Documents; (b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Guarantor; or (c) result in, or require the creation or imposition of, any Lien on any of the Guarantor's properties.

SECTION 3.3. GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Guarantor of this Agreement or any other Loan Document to which it is a party, [or for the Guarantor's participation in the acquisition of EDC], except as have been obtained. Neither the Guarantor nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.4. VALIDITY, ETC. This Agreement constitutes, and each other Loan Document executed by the Guarantor will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Guarantor enforceable in accordance with their respective terms except as (i) enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

ARTICLE IV

COVENANTS, ETC.

SECTION 4.1. AFFIRMATIVE COVENANTS. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will, unless the Required Lenders shall otherwise consent in writing, perform, comply with, observe and fulfill, for the benefit of the Lender Parties, each of the covenants, agreements and obligations contained in Article VII of the Credit Agreement pertaining or otherwise applicable to the Guarantor, but after giving effect to any applicable materiality standards in said Article VII. The Guarantor hereby irrevocably and unconditionally agrees to be bound by and comply with such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and are, together with all related definitions and ancillary provisions incorporated herein by reference hereby and made a part hereof for all purposes as if set out in full herein.

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SECTION 4.2. NEGATIVE COVENANTS. The Guarantor covenants and agrees that, so long as any portion of the Obligations shall remain unpaid or any Lender Party shall have any outstanding Commitment, the Guarantor will not, without the prior written consent of the Required Lenders, do anything prohibited in Article VII of the Credit Agreement to the extent such prohibitions pertain or otherwise relate to the Guarantor, but after giving effect to any applicable materiality standards in said Article VII. The Guarantor hereby unconditionally and irrevocably agrees to be bound by, comply with, such covenants, agreements and obligations as if the Guarantor were a party to the Credit Agreement to the extent such provisions pertain to the Guarantor and such covenants, agreements and obligations are hereby reaffirmed by the Guarantor and, together with all related definitions and ancillary provisions are incorporated herein by reference hereby made a part hereof for all purposes as if set out in full herein.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.1. LOAN DOCUMENT. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

SECTION 5.2. BINDING ON SUCCESSORS, TRANSFEREES AND ASSIGNS; ASSIGNMENT. In addition to, and not in limitation of, SECTION 2.7, this Guaranty shall be binding upon the Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Lender Party and each holder of a Note and their respective successors, transferees and assigns (to the full extent provided pursuant to SECTION 2.7); PROVIDED, HOWEVER, that the Guarantor may not assign any of its obligations hereunder without the prior written consent of the Required Lenders.

SECTION 5.3. AMENDMENTS, ETC. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by the Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. ADDRESSES FOR NOTICES TO THE GUARANTOR. All notices and other communications hereunder to the Guarantor shall be in writing (including telegraphic communication) and mailed or telegraphed or delivered to it, addressed to it at the address set forth below its signature hereto or at such other address as shall be designated by the Guarantor in a written notice to the Agent at the address specified in the Credit Agreement complying as to delivery with the terms of this Section. All such notices and other communications shall, when mailed or telegraphed, respectively, be effective when deposited in the mails or delivered to the telegraph company, respectively, addressed as aforesaid.

SECTION 5.5. NO WAIVER; REMEDIES. In addition to, and not in limitation of, SECTION 2.3 and SECTION 2.5, no failure on the part of any Lender Party or any holder of a Note to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.6. SECTION CAPTIONS. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.7. SEVERABILITY. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.8. GOVERNING LAW, ENTIRE AGREEMENT, ETC. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. THIS GUARANTY AND THE OTHER LOAN DOCUMENTS CONSTITUTE THE ENTIRE UNDERSTANDING AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

SECTION 5.9. FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE LENDER PARTIES OR THE GUARANTOR SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PROPERTY MAY BE FOUND. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW,

ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER LOAN DOCUMENTS.

SECTION 5.10. WAIVER OF JURY TRIAL. THE GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE LENDER PARTIES OR THE GUARANTOR. THE GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDERS ENTERING INTO THE CREDIT AGREEMENT.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[NAME OF GUARANTOR]

By _____
Title: _____
Address: _____

Attention: _____
Telex: _____
Telecopy: _____

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EXHIBIT 10.11

LENDER ASSIGNMENT AGREEMENT

To: Noble Affiliates, Inc.,
as Borrower

To: Union Bank of Switzerland, Houston Agency,
as Agent

NOBLE AFFILIATES, INC.

Gentlemen and Ladies:

We refer to CLAUSE (d) of SECTION 10.11.1 of the Credit Agreement, dated as of July 31, 1996 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "CREDIT AGREEMENT"), among Noble Affiliates, Inc., a Delaware corporation (the "BORROWER"), the various financial institutions (the "LENDERS") as are, or shall from time to time become, parties thereto, and Union Bank of Switzerland, Houston Agency, as agent (the "AGENT") for the Lenders. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

This agreement is delivered to you pursuant to CLAUSE (d) of SECTION 10.11.1 of the Credit Agreement and also constitutes notice to each of you, pursuant to CLAUSE (c) of SECTION 10.11.1 of the Credit Agreement, of the assignment and delegation to _____ (the "ASSIGNEE") of ___% of the Loans and Commitments of _____ (the "ASSIGNOR") outstanding under the Credit Agreement on the date hereof. After giving effect to the foregoing assignment and delegation, the Assignor's and the Assignee's Percentages for the purposes of the Credit Agreement are set forth opposite such Person's name on the signature pages hereof.

[Add paragraph dealing with accrued interest and fees with respect to Loans assigned, if applicable.]

The Assignee hereby acknowledges and confirms that it has received a copy of the Credit Agreement and the exhibits related thereto, together with copies of the documents which were required to be delivered under the Credit Agreement as a condition to the making of the Loans thereunder. The Assignee further confirms and agrees that in becoming a Lender and in making its Commitments and Loans under the Credit Agreement, such actions have and will be made without recourse to, or representation or warranty by the Agent.

Except as otherwise provided in the Credit Agreement, effective as of the date of acceptance hereof by the Agent

(a) the Assignee (i) shall be deemed automatically to have become a party to the Credit Agreement, have all the rights and obligations of a "Lender" under the Credit Agreement and the other Loan Documents as if it were an original signatory thereto to the extent specified in the second paragraph hereof; and (ii) agrees to be bound by the terms and conditions set forth in the Credit Agreement and the other Loan Documents as if it were an original signatory thereto; and

(b) the Assignor shall be released from its obligations under the Credit Agreement and the other Loan Documents to the extent specified in the second paragraph hereof.

The Assignor and the Assignee hereby agree that the [Assignor] [Assignee] will pay to the Agent the processing fee referred to in SECTION 10.11.1 of the Credit Agreement upon the delivery hereof.

The Assignee hereby advises each of you of the following administrative details with respect to the assigned Loans and Commitments and requests the Agent to acknowledge receipt of this document:

- (A) Address for Notices:
 - Institution Name:
 - Attention:
 - Domestic Office:
 - Telephone:
 - Facsimile:
 - Telex (Answerback):
 - LIBOR Office:
 - Telephone:
 - Facsimile:
 - Telex (Answerback):

(B) Payment Instructions:

The Assignee agrees to furnish the tax form required by SECTION 4.6 (if so required) of the Credit Agreement no later than the date of acceptance hereof by the Agent.

This Agreement may be executed by the Assignor and Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

ADJUSTED PERCENTAGE [ASSIGNOR]
- -----

Term Loan Commitment
and
Term Loans: ___%

Revolving Loan
Commitment
and
Revolving Loans: ___%

By: _____
Title:

PERCENTAGE [ASSIGNEE]
- -----

Term Loan Commitment
and
Term Loans: ___%

Revolving Loan
Commitment
and
Revolving Loans: ___%

By: _____

Title:

Accepted and Acknowledged
this __ day of _____, 19__

- _____
as Agent

By: _____

Title: