

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report: October 31, 1996

APACHE CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

1-4300

(Commission File Number)

41-0747868

(I.R.S. Employer Identification Number)

ONE POST OAK CENTRAL, SUITE 100

2000 POST OAK BOULEVARD

HOUSTON, TEXAS 77056-4400

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (713) 296-6000

ITEM 5. OTHER EVENTS

On October 31, 1996, Apache Corporation ("Apache") amended and restated its main revolving bank credit facility to provide for a new global credit facility (the "Global Credit Facility"), which consists of several principal agreements. Apache entered into a Fourth Amended and Restated Credit Agreement (which is listed under Item 7 as Exhibit 10.1 and incorporated herein by reference) with a credit commitment, subject to borrowing base availability, of \$750 million among Apache, The First National Bank of Chicago, as Global Administrative Agent, The Chase Manhattan Bank, as Co-Agent, First Chicago Capital Markets, Inc., as Arranger, Chase Securities Inc., as Arranger, and the U.S. Lenders party thereto. Apache Canada Ltd. ("Apache Canada"), a wholly-owned subsidiary of Apache, entered into a Credit Agreement (which is listed under Item 7 as Exhibit 10.2 and incorporated herein by reference) with a credit commitment, subject to borrowing base availability, of \$125 million among Apache Canada, Bank of Montreal, as Canadian Administrative Agent, The First National Bank of Chicago, as Global Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, Chase Securities Inc., as Arranger, and the Canadian Lenders party thereto. Apache Energy Limited ("AEL") and Apache Oil Australia Pty. Limited ("Apache Oil Australia"), wholly-owned subsidiaries of Apache, entered into a Credit Agreement (which is listed under Item 7 as Exhibit 10.3 and incorporated herein by reference) with a credit commitment, subject to borrowing base availability, of \$125 million among AEL, Apache Oil Australia, Chase Securities Australia Limited, as Australian Administrative Agent, The First National Bank of Chicago, as Global Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, Chase Securities Inc., as Arranger, and the Australian Lenders party thereto. In addition, Apache, Apache Canada, and AEL and Apache Oil Australia entered into Indemnity Agreements with the lenders named therein, which Indemnity Agreements are listed under Item 7 as Exhibits 10.4, 10.5, and 10.6, respectively, and incorporated herein by reference.

The Global Credit Facility adds Apache's oil and gas reserve values in Canada and Australia to those in the United States in determining Apache's global borrowing base. Certain covenants and restrictions contained in the previous credit agreement have been eliminated, and certain interest rates have been reduced. As of October 31, 1996, the global borrowing base for Apache and its subsidiaries under the Global Credit Facility was \$947 million, of which borrowing base debt was approximately \$745 million, leaving approximately \$202 million available for additional borrowings.

In addition, on October 25, 1996, Apache announced a purchase/sale program for odd-lot shareholders. Apache's press release relating to the odd-lot program is listed under Item 7 as Exhibit 99.1 and is incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

EXHIBITS

- 10.1* Fourth Amended and Restated Credit Agreement, dated October 31, 1996, among the Registrant, the lenders named therein, and The First National Bank of Chicago, as Global Administrative Agent, The Chase Manhattan Bank, as Co-Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.
- 10.2* Credit Agreement, dated October 31, 1996, among Apache Canada Ltd., a wholly-owned subsidiary of the Registrant, the lenders named therein, and Bank of Montreal, as Canadian Administrative Agent, The First National Bank of Chicago, as Global Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.
- 10.3* Credit Agreement, dated October 31, 1996, among Apache Energy Limited and Apache Oil Australia Pty. Limited, wholly-owned subsidiaries of the Registrant, the lenders named therein, and Chase Securities Australia Limited, as Australian Administrative Agent, The First National Bank of Chicago, as Global Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.
- 10.4* Indemnity Agreement, dated October 31, 1996, among the Registrant and the lenders named therein (together with the form of Intercreditor Agreement among lenders attached as an exhibit thereto).
- 10.5* Indemnity Agreement, dated October 31, 1996, among Apache Energy Limited and Apache Oil Australia Pty. Limited, subsidiaries of the Registrant, and the lenders named therein (but excluding the form of Intercreditor Agreement among lenders attached as an exhibit thereto, which Intercreditor Agreement is filed under Exhibit 10.4 hereto).
- 10.6* Indemnity Agreement, dated October 31, 1996, among Apache Canada Ltd., subsidiaries of the Registrant, and the lenders named therein (but excluding the form of Intercreditor Agreement among lenders attached as an exhibit thereto, which Intercreditor Agreement is filed under Exhibit 10.4 hereto).
- 99.1* Press release, dated October 24, 1996, "Apache Offers Program for Odd-Lot Shareholders."

- - - - -
* Filed herewith.

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.

APACHE CORPORATION

Date: October 31, 1996

By: /s/ Z. S. Kobiashvili

Name: Z. S. Kobiashvili

Title: Vice President and General Counsel

EXHIBIT INDEX

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- 99.1* Press release, dated October 24, 1996, "Apache Offers Program for Odd-Lot Shareholders."

* Filed herewith.

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FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

dated as of October 31, 1996

among

APACHE CORPORATION,

and

THE U.S. LENDERS NAMED HEREIN,

and

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent,

and

THE CHASE MANHATTAN BANK,
as Co-Agent,

and

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger,

and

CHASE SECURITIES INC.,
as Arranger

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FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

This Fourth Amended and Restated Credit Agreement, dated as of October 31, 1996, is among Apache Corporation, a Delaware corporation (the "Company"), the various commercial lending institutions as are or may become parties hereto (the "U.S. Lenders"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), The Chase Manhattan Bank, as Co-Agent (the "Co-Agent"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.

RECITALS:

1. The Company, the U.S. Lenders, The First National Bank of Chicago as Administrative Agent and as Collateral Agent, and Chemical Bank, as Co-Agent have heretofore entered into that certain Reducing Revolving Credit and Term Loan Agreement, dated as of July 1, 1991, that certain Amendment No. 1, dated as of November 1, 1991 and that certain Amendment No. 2, dated as of December 1, 1991 (as so amended, the "July 1991 Agreement"), pursuant to which the U.S. Lenders agreed to make Term Loans and Revolving Loans (each as defined in the July 1991 Agreement and herein called, respectively, the "1991 Term Loans" and the "1991 Revolving Loans").

2. In order to restructure the indebtedness incurred by the Company to the U.S. Lenders pursuant to the July 1991 Agreement, the Company, the U.S. Lenders, the Administrative Agent and the Collateral Agent and the Co-Agent entered into that certain Amended and Restated Credit Agreement, dated as of April 15, 1992, a first amendment thereto, dated July 21, 1992, a second amendment thereto dated December 31, 1992, the Third Amendment to Amended and Restated Credit Agreement, dated as of April 30, 1993, and the Fourth Amendment to Amended and Restated Credit Agreement, dated as of July 13, 1993 (as so amended, the "April 1992 Agreement"), pursuant to which the U.S. Lenders agreed to make Revolving Loans (as defined in the April 1992 Agreement and herein called "1992 Revolving Loans").

3. In order to restructure the indebtedness incurred by the Company to the U.S. Lenders pursuant to the July 1991 Agreement, as renewed, restated, extended and converted into 1992 Revolving Loans pursuant to the April 1992 Agreement, the Company, the U.S. Lenders, the Administrative Agent and the Collateral Agent and the Co-Agent entered into that certain Second Amended and Restated Credit Agreement, dated as of April 30, 1994 (the "April 1994 Agreement"), pursuant to which the U.S. Lenders agreed to make Loans (as defined in the April 1994 Agreement and herein called "1994 Loans").

4. In order to restructure the indebtedness incurred by the Company to the U.S. Lenders pursuant to the July 1991 Agreement, as renewed, restated, extended and converted into 1992 Revolving Loans pursuant to the April 1992 Agreement and as further renewed, restated, extended and converted into 1994 Loans pursuant to the April 1994 Agreement, the Company, the U.S. Lenders, the Administrative Agent and the Co-Agent entered into that certain Third Amended and Restated Credit Agreement, dated as of March 1, 1995, a First Amendment to Third Amended and Restated Credit Agreement, dated as of April 14, 1995, a Second Amendment to Third Amended and Restated Credit Agreement, dated as of October 23, 1995, a Third Amendment to Third Amended and Restated Credit Agreement, dated as of December 18, 1995, a Fourth Amendment to Third Amended and Restated Credit Agreement, dated as of December 22, 1995, a Fifth Amendment to Third Amended and Restated Credit Agreement, dated as of January 22, 1996, a Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of April 18, 1996, and a Seventh Amendment to Third Amended and Restated Credit Agreement, dated as of April 30, 1996 (as so amended, the "March 1995 Agreement"), pursuant to which the U.S. Lenders agreed to make Loans (as defined in the March 1995 Agreement and herein called "1995 Loans").

5. On the terms and subject to the conditions of this Agreement, all 1995 Loans of the U.S. Lenders to the Company outstanding on the Global Effective Date (as hereinafter defined) shall, on the Global

Effective Date, be renewed, restated, extended and converted into (but shall not be deemed to be repaid) Revolving Loans under this Agreement.

6. The Company, the U.S. Lenders, the Administrative Agent, the Co-Agent and the Arrangers hereby amend the March 1995 Agreement and restate the March 1995 Agreement in its entirety as follows:

ARTICLE I

DEFINITIONS AND TERMS OF CONSTRUCTION

1.1. Definitions. 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 the plural forms thereof):

"Accepting Lender" is defined in Section 2.2.

"Acknowledgment of Guaranty" means a Consent, Acknowledgment and Agreement, substantially in the form of Exhibit I hereto, dated the Global Effective Date, duly executed and delivered to the Global Administrative Agent by MW Petroleum.

"Acquisition" means any transaction, or any series of related transactions, consummated after the date of this Agreement, by which the Company or any of the Subsidiaries (i) acquires any going business or all or substantially all of the assets of any Person or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency).

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the U.S. Lenders or any of them to the Company on the same Borrowing Date, at the same Rate Option (or on the same interest basis in the case of a Competitive Bid Loan) and, in the case of Eurodollar Loans, for the same Interest Period, which results in an increase in the aggregate amount of outstanding Loans under this Agreement.

"Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person; provided, however, notwithstanding the foregoing, the definition of "Affiliate" shall not include any Subsidiary of the Company. A Person shall be deemed to control another Person if the controlling Person owns directly or indirectly 20% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agents" means each of the Global Administrative Agent, the Arrangers, the Co-Agent and the Engineering Banks.

"Aggregate Commitment" means, as of the time a determination thereof is to be made, the sum of the Commitments of all the U.S. Lenders hereunder, being \$750,000,000 as of the date hereof, and as reduced from time to time after the date hereof pursuant to Sections 4.5 and 13.1.

"Agreed Currency" is defined in Section 6.9(a).

"Agreement" means this Fourth Amended and Restated Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means, on any date, those generally accepted accounting principles applied in preparing the financial statements referred to in Section 8.4.

"Alternate Base Rate" means, on any date and with respect to all Floating Rate Advances, a fluctuating rate of interest per annum equal to the higher of (i) the Corporate Base Rate, and (ii) the Federal Funds Effective Rate most recently determined by the Global Administrative Agent plus 1/2%. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. The Global Administrative Agent will give notice promptly to the Company and the U.S. Lenders of changes in the Alternate Base Rate.

"Anniversary Date" means any October 31, with the first such date being October 31, 1997.

"Annual Certificate of Extension" means a certificate of the Company, executed by an Authorized Officer and delivered to the Global Administrative Agent, which requests an extension of the then scheduled Termination Date pursuant to Section 2.2.

"Apache Canada" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada.

"Apache Egypt" means Apache Oil Egypt, Inc., a Delaware corporation, and Apache Qarun Corporation LDC, a Cayman Islands company formed under the Companies Law of the Cayman Islands, British West Indies, and any successor entity which is, directly or indirectly, at least a ninety-five percent-owned (95%-owned) subsidiary of the Company arising through the merger or liquidation of one such corporation into the other such corporation.

"Apache Energy Limited" means Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia.

"Apache Oil Australia" means Apache Oil Australia Pty. Limited (ACN 050 611 688), a corporation organized under the laws of the State of New South Wales, Australia.

"Approved Engineers" means Ryder Scott Company Petroleum Engineers or Netherland, Sewell & Associates, Inc. or other independent petroleum engineers of recognized standing and experience in the evaluation of hydrocarbon reserves who each of the Engineering Banks and the Required Lenders determine to be acceptable.

"Approved Engineers' Report" means a report prepared (except to the extent set forth below) and certified by the Approved Engineers and furnished by the Company to the Global Administrative Agent and U.S. Lenders pursuant to Section 9.1(d) or (e) which shall set forth (i) the estimated volume and rate of production of Hydrocarbons which may reasonably be expected to be produced from Proved Reserves for each Property, (ii) a computation of the projected gross revenues from Proved Reserves attributable to each Property, (iii) a computation of the future net revenues for each Property, showing separately net revenues from Proved Developed Producing Reserves, Proved Developed Non-Producing Reserves and Proved Undeveloped Reserves, and (iv) projections as to the amount of Proved Reserves for each Property, showing separately Proved Developed Producing Reserves, Proved Developed Non-Producing Reserves and Proved Undeveloped Reserves. The Approved Engineers' Report shall be prepared using economic parameters (including pricing, inflation and discount rate) provided by the Engineering Banks and in accordance with established criteria generally accepted in the oil and gas industry for use by independent petroleum engineers in making determinations and appraisals of hydrocarbon reserves, including assumptions, estimates and projections as to production expenses, availability of reserves and rates of production; provided, however, that in preparing such report, the Approved Engineers need only make an independent evaluation of Properties comprising not less than (x) 70% in value of the Properties included in the most recent Approved Engineers' Report and (y) 80% in value of any Properties not included in the most recent Approved Engineers' Report, and may review the evaluation by the Company's petroleum engineers in accordance with the

foregoing criteria of the remainder of the Properties. The Engineering Banks may, in their sole discretion after consulting with the Company, require modification of any assumption, projection or estimate which they (acting reasonably) find unacceptable.

"April 1992 Agreement" is defined in Recital 2.

"April 1994 Agreement" is defined in Recital 3.

"Arranger" means each of First Chicago Capital Markets, Inc. and Chase Securities Inc. in their respective capacities as arrangers pursuant to Article XV.

"Assignment Agreement" means an agreement executed by an assignor U.S. Lender and an assignee U.S. Lender pursuant to Section 17.3 substantially in the form of Exhibit D hereto.

"Australian Administrative Agent" means Chase Securities Australia Limited (ACN 002 888 011) in its capacity as Administrative Agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Borrowers" means Apache Energy Limited and Apache Oil Australia.

"Australian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrowers, the Australian Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Australian Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Australian Lenders" means the financial institutions listed on the signature pages of the Australian Credit Agreement and their respective successors and assigns.

"Australian Loan Documents" means the Australian Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means the Chairman, the President, the Vice President and Chief Financial Officer and the Treasurer of the Company, and any officer of the Company, specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of the Company.

"Borrowing Base Debt" means the aggregate amount of indebtedness for borrowed money (including the Global Credit Facility Debt) of the Company, the Australian Borrowers and the Canadian Borrower, and each of their Borrowing Base Subsidiaries; provided, however, so long as no Downgrade Condition has occurred and is continuing, Borrowing Base Debt shall not include the Excluded Principal Debt; and provided further, that in the event of a Downgrade Condition, Excluded Principal Debt will be included in Borrowing Base Debt only following (i) the adjustment of the Global Borrowing Base by the Engineering Banks to exclude the effect of Excluded Principal Debt on the Global Borrowing Base, and (ii) notification of the Company of the amount of the Global Borrowing Base as so adjusted.

"Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which owns or controls any Properties and any Subsidiary that owns or controls, directly or indirectly, another Subsidiary that owns or

controls any Properties. The Borrowing Base Subsidiaries as of the Global Effective Date are listed on Schedule 8.8 hereto.

"Borrowing Date" means any Business Day on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 3.3.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day other than Saturday or Sunday on which banks are open for business in Chicago and New York and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day other than Saturday or Sunday on which banks are open for business in Chicago and New York.

"Canadian Administrative Agent" means Bank of Montreal in its capacity as administrative agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Borrower" means Apache Canada.

"Canadian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Canadian Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified from time to time.

"Canadian Lenders" means the financial institutions listed on the signature pages of the Canadian Credit Agreement and their respective successors and assigns.

"Canadian Loan Documents" means the Canadian Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capitalized Lease" means, with any respect to a Person, any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" means, with respect to a Person, the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investment" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government;

(b) commercial paper, maturing not more than nine months from the date of issue, which is issued by any Agent or any Agent's holding company, or by (i) a corporation (other than the Company or an Affiliate of the Company) organized under the laws of any state of the United States or of the District of Columbia and rated A-1 by S&P or P-1 by Moody's, or (ii) any U.S. Lender (or its holding company)

which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating;

(c) any certificate of deposit, time deposit or banker's acceptance, maturing not more than one year after such time, which is issued by any Agent or any Agent's holding company, or by either (i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000, which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating, or (ii) any U.S. Lender which has (or which is a subsidiary of a holding company which has) a Qualified Long Term Rating; or

(d) any repurchase agreement entered into with any Agent or any U.S. Lender (or other commercial banking institution of the stature referred to in clause (c)(i)) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c); and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such U.S. Lender or Agent (or other commercial banking institution) thereunder.

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

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

"Change in Control" means:

(a) the failure by the Company to own, free and clear of all Liens or encumbrances, 100% of the outstanding capital stock of MW Petroleum on a fully diluted basis or the failure of MW Petroleum to own, free and clear of all liens or encumbrances, 100% of the outstanding capital stock of MWJR on a fully diluted basis, except as a result of the merger of either MW Petroleum and MWJR into the Company or any U.S. Subsidiary pursuant to Section 11.2; provided, however, that, in the event of a merger of MW Petroleum with a U.S. Subsidiary, such U.S. Subsidiary shall at its own expense deliver to the Global Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit L, together with such related documents and opinions as the Global Administrative Agent may request; or

(b) the failure by the Company to own, directly or indirectly, free and clear of all Liens, other than Liens permitted under Section 11.5 hereof, 100% of the outstanding capital stock of each Borrowing Base Subsidiary, other than Apache International, and ninety-five percent (95%) of the outstanding capital stock of Apache International (and a proportionately reduced interest in each Borrowing Base Subsidiary of Apache International), on a fully diluted basis except as a result of a merger of such Borrowing Base Subsidiary with the Company, another Borrowing Base Subsidiary or with any other Person as permitted pursuant to Section 11.2, or as a result of a sale of such Borrowing Base Subsidiary as permitted pursuant to Section 11.3; or

(c) any Unrelated Person or any Unrelated Persons acting together which would constitute a Group, together with any Affiliates or Related Persons thereof (in each case also constituting Unrelated Persons), shall at any time either (i) Beneficially Own more than 20% of the aggregate voting power of all classes of Voting Stock of the Company or (ii) succeed in having sufficient of its or their nominees elected to the Board of Directors of the Company such that such nominees, when added to any existing director remaining on the Board of Directors of the Company after such election who is an Affiliate or Related Person of such Person or Group, shall constitute a majority of the Board of Directors of the Company.

As used herein (A) "Beneficially Own" means "beneficially own" as defined in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, or any successor provision thereto; (B) "Group" means a "group" for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended; (C) "Unrelated Person" means at any time any Person other than the Company or any Subsidiary and other than any trust for any employee benefit plan of the Company or any Subsidiary of the Company; (D) "Related Person" of any Person shall mean any other Person owning (1) 5% or more of the outstanding common stock of such Person or (2) 5% or more of the Voting Stock of such Person; and (E) "Voting Stock" of any Person shall mean capital stock of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

"Chase" means The Chase Manhattan Bank, in its individual capacity and its successors.

"Claims" is defined in Section 14.7.

"Co-Agent" is defined in the Preamble.

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

"Combined Commitments" means, at any time, the aggregate of the Aggregate Commitments, the Canadian Commitments and the Australian Commitments at such time.

"Combined Lenders" means the U.S. Lenders, the Canadian Lenders and the Australian Lenders.

"Combined Required Lenders" means, at any time, Combined Lenders having greater than 66-2/3% of the aggregate amount of the Combined Commitments at such time.

"Commercial Paper Backup Exclusion Event" means, at any time, the occurrence and continuation of (i) any Default, (ii) any Unmatured Default, or (iii) any Debt Limit Excession, other than a Debt Limit Excession relating to a Material Adverse Effect. For purposes of this definition, a Debt Limit Excession relating to a Material Adverse Effect shall include any Debt Limit Excession arising as a direct result of an action by the Engineering Banks pursuant to Sections 2.3(d) or 2.3(e)(i).

"Commercial Paper Obligations" means, at any time, the obligations of the Company arising under any commercial paper issued by the Company pursuant to a commercial paper program of the Company which is rated by any Rating Agency.

"Commitment" means, with respect to each U.S. Lender, the obligation of such U.S. Lender to make Loans not exceeding the amount set forth as its Commitment opposite its signature below or in the relevant Assignment Agreement, as such amount may be modified from time to time pursuant to the provisions of this Agreement, including any Assignment Agreement executed by such U.S. Lender and its Assignee Lender and delivered pursuant to Section 17.3 and any reduction pursuant to Sections 4.5, or 13.1; it being understood, however, that a change in the Global Borrowing Base does not constitute a modification of any Commitment.

"Company" is defined in the Preamble.

"Company's Engineers' Report" means a report prepared by the Company's engineering staff and certified by the Company's head of "Technical Services" and furnished by the Company to the Global Administrative Agent and U.S. Lenders pursuant to Section 9.1(e) which shall set forth (i) the estimated volume and rate of production of Hydrocarbons which may reasonably be expected to be produced from Proved Reserves for each Property, (ii)

a computation of the projected gross revenues from Proved Reserves attributable to each Property, (iii) a computation of the future net revenues for each Property, showing separately net revenues from Proved Developed Producing Reserves, Proved Developed Non-Producing Reserves and Proved Undeveloped Reserves and (iv) projections as to the amount of Proved Reserves for each Property, showing separately Proved Developed Producing Reserves, Proved Developed Non-Producing Reserves and Proved Undeveloped Reserves. The Company's Engineers' Report shall be prepared using economic parameters (including pricing, inflation and discount rate) provided by the Engineering Banks and in accordance with established criteria generally accepted in the oil and gas industry for use by independent petroleum engineers in making determinations and appraisals of hydrocarbon reserves, including assumptions, estimates and projections as to production expenses, availability of reserves and rates of production. The Engineering Banks may, in their sole discretion after consulting with the Company, require modification of any assumption, projection or estimate which they (acting reasonably) find unacceptable.

"Competitive Bid Advance" means a borrowing hereunder consisting of the aggregate amount of the several Competitive Bid Loans made by some or all of the U.S. Lenders to the Company at the same time, having the same Stated Maturity Date and for the same Interest Period.

"Competitive Bid Borrowing Notice" is defined in Section 3.4(e).

"Competitive Bid Loan" means, with respect to a U.S. Lender, a competitive bid loan made by such U.S. Lender pursuant to Section 2.1 and Section 3.4 as the result of a Competitive Bid Borrowing Notice from the Company requesting a Competitive Bid Advance.

"Competitive Bid Margin" means the margin above or below the applicable Eurodollar Base Rate or Alternate Base Rate offered for a Bid Loan, expressed as a percentage (rounded to the nearest 1/16 of 1%) to be added or subtracted from the Eurodollar Base Rate or the Alternate Base Rate, as applicable.

"Competitive Bid Note" means a promissory note in substantially the form of Exhibit A-2 hereto, with applicable insertions, duly executed and delivered to the Global Administrative Agent by the Company for the account of a U.S. Lender and payable to the order of such U.S. 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 K hereto completed and delivered by a U.S. Lender to the Global Administrative Agent in accordance with Section 3.4(c).

"Competitive Bid Quote Request" means a Competitive Bid Quote Request, substantially in the form of Exhibit E hereto, completed and delivered by the Company to the Global Administrative Agent in accordance with Section 3.4(a).

"Consolidated Interest Expense" means, for any period for which a determination thereof is to be made, total interest expense, whether paid or accrued (but excluding that attributable to Capitalized Leases), of the Company and the Consolidated Subsidiaries on a consolidated basis including, without limitation, all commissions, discounts and other fees and charges owing with respect to letters of credit and bankers' acceptance financing.

"Consolidated Net Income" means, for any period for which a determination thereof is to be made, the net income (or loss) after taxes of the Company and the Consolidated Subsidiaries on a consolidated basis for such period taken as a single accounting period; provided that there shall be excluded the income (or loss) of any Affiliate of the Company or other Person (other than a Consolidated Subsidiary of the Company) in which any Person (other than the Company or any of the Consolidated Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Company or any of the Consolidated Subsidiaries by such Affiliate or other Person during such period.

"Consolidated Subsidiary" means, as of the time a determination thereof is to be made, any Subsidiary or other entity the accounts of which would be consolidated with those of the Company in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means, as of the time a determination thereof is to be made, the consolidated stockholders' equity of the Company and the Consolidated Subsidiaries, less their consolidated intangible assets, all determined as of such date in accordance with Agreement Accounting Principles.

"Continuation/Conversion Notice" means a notice by means of telecopy or telephone (confirmed in writing promptly thereafter if by telephone) of continuation or conversion, which notice shall specify the principal amount to be continued or converted, the date of such continuation or conversion, the type of Revolving Loan and, if such Revolving Loan is to be a Revolving Eurodollar Loan, the Interest Period, which notice, when delivered by telecopy or confirmed in writing, shall be substantially in the form of Exhibit F and executed on behalf of the Company by an Authorized Officer.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or any Subsidiary, are treated as a single employer under Section 414(b) or 414(c) of the Code.

"Corporate Base Rate" means a rate per annum equal to the corporate base rate of interest announced by First Chicago from time to time, changing when and as said corporate base rate changes.

"D&P" means Duff & Phelps Credit Rating Company and any successor thereto that is a nationally recognized rating agency.

"Debt" means all Indebtedness of the type referred to in clauses (i), (ii), (iii), (iv) and (v) of the definition of Indebtedness.

"Debt/Capitalization Ratio" means, as of the time a determination thereof is to be made, the ratio expressed as a decimal of (x) the aggregate outstanding amount of the consolidated Debt of the Company and its Consolidated Subsidiaries, to (y) the sum of the consolidated stockholders' equity of the Company and its Consolidated Subsidiaries plus the aggregate outstanding amount of the consolidated Debt of the Company and its Consolidated Subsidiaries; provided, however, that, for purposes of the definition of Eurodollar Spread, the Debt/Capitalization Ratio on each day commencing on the forty-fifth (45th) day following the end of a calendar quarter shall be deemed to be the lesser of (a) the Debt/Capitalization Ratio as of the end of such calendar quarter and (b) the Debt/Capitalization Ratio as of the final day of the month following the end of such calendar quarter, in each case based on a certificate received by the Global Administrative Agent and the U.S. Lenders from an Authorized Officer of the Company pursuant to Section 9.1(k); provided, further, that until the forty-fifth (45th) day following the calendar quarter ending September 30, 1996, the Debt/Capitalization Ratio shall be deemed to be "(0.55" for purposes of the definition of Eurodollar Spread and the calculation of applicable fees.

"Debt Limit Excession" means the condition existing at any time prior to the Termination Date in which the outstanding principal balance of the Borrowing Base Debt as of such date exceeds the Global Borrowing Base as of such date.

"Declining Lender" is defined in Section 2.2.

"Default" means any event described in Article XII.

"Downgrade Condition" shall be deemed to exist hereunder at all times when the Company's applicable Rating Level is equal to Level IV.

"EBITDDA" means, for any period for which a determination thereof is to be made, without duplication, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) depreciation expense and depletion expense, (iv) amortization expense, (v) federal and state taxes, (vi) other non-cash charges and expenses and (vii) any losses arising outside of the ordinary course of business which have been included in the determination of Consolidated Net Income less any gains arising outside of the ordinary course of business which have been included in the determination of Consolidated Net Income, all as determined on a consolidated basis for the Company and the Consolidated Subsidiaries.

"Engineering Bank" means each of First Chicago and Chase in their respective capacities as Engineering Banks.

"Environmental Law" means any federal, state, or local statute, or rule or regulation promulgated thereunder, any judicial or administrative order or judgment or written administrative request to which the Company or any Subsidiary is party or which are applicable to the Company or any Subsidiary or the Properties (whether or not by consent), and any provision or condition of any permit, license or other governmental operating authorization, relating to (A) 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; or (B) occupational or public health or safety.

"Equivalent Amount" in one currency (the "first currency") of an amount in another currency (the "other currency") means the amount of the first currency which is required to purchase such amount of the other currency at the rate determined on the basis of the Spot Rate of Exchange for the other currency against the first currency at the time of determination.

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

"Eurodollar Advance" means a Eurodollar Bid Rate Advance or a Eurodollar Revolving Advance.

"Eurodollar Auction" means a solicitation of Competitive Bid Quotes setting forth Competitive Bid Margins pursuant to Section 3.4.

"Eurodollar Base Rate" means, with respect to a Eurodollar Revolving Advance or a Eurodollar Bid Rate Advance for the relevant Interest Period, the rate determined by the Global Administrative Agent to be the arithmetic average of the rates reported to the Global Administrative Agent by each Reference Lender as the rate at which deposits in U.S. dollars are offered by such Reference Lender to first-class banks in the London interbank market at approximately 11 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of such Reference Lender's relevant Eurodollar Revolving Loan or, in the case of a Eurodollar Bid Rate Loan, the amount of the Eurodollar Bid Rate Loan requested by the Company, and having a maturity approximately equal to such Interest Period. If any Reference Lender fails to provide such quotation to the Global Administrative Agent, then the Global Administrative Agent shall determine the Eurodollar Base Rate on the basis of the quotations of the remaining Reference Lender.

"Eurodollar Bid Rate" means, with respect to a Eurodollar Bid Rate Loan made by a given U.S. Lender for the relevant Interest Period, the sum of (i) the Eurodollar Base Rate and (ii) the Competitive Bid Margin offered by such U.S. Lender and accepted by the Company.

"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 the Eurodollar Bid Rate.

"Eurodollar Loan" means a Eurodollar Bid Rate Loan or a Eurodollar Revolving Loan.

"Eurodollar Revolving Advance" means a Revolving Advance which bears interest at a Eurodollar Rate.

"Eurodollar Revolving Loan" means a Revolving Loan which bears interest at a Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Revolving Loan or Eurodollar Revolving Advance for each day during the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to that Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period, plus (ii) the Eurodollar Spread applicable to that day. The Eurodollar Rate shall be rounded, if not a whole number multiple of 1/16 of 1%, to the next higher 1/16 of 1%.

"Eurodollar Spread" means, on any date and with respect to each Eurodollar Advance, the applicable rate per annum set forth in Schedule A based on the applicable Rating Level on such date.

"Excluded Principal Debt" means, at any time as long as no Downgrade Condition exists, the consolidated aggregate principal amount of obligations of the Company (i) under the \$180,000,000 7.95% Notes due 2026 issued pursuant to that certain Trust Indenture dated February 15, 1996, (ii) under the \$100,000,000 7.70% Notes due 2026 issued pursuant to that certain Trust Indenture dated February 15, 1996, (iii) up to \$172,500,000 under the 6% Convertible Subordinated Debentures due 2002 issued pursuant to that certain Trust Indenture, dated January 4, 1995, and (iv) up to \$6,600,000 under the Apache Offshore Investment Partnership bank facility.

"Federal Funds Effective Rate" means, for any period for which a determination thereof is made, a fluctuating interest rate per annum equal for each day during such period to (i) 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 preceding Business Day) by the Federal Reserve Bank of New York; or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10 a.m. (Chicago time) for such day on such transactions received by the Global Administrative Agent from three federal funds brokers of recognized standing selected by it.

"First Chicago" means The First National Bank of Chicago in its individual capacity, and its successors and assigns.

"Floating Bid Rate" means, with respect to a Floating Bid Rate Loan made by a given U.S. Lender, the sum of (i) the Alternate Base Rate, changing when and as the Alternate Base Rate changes, and (ii) the Competitive Bid Margin offered by such U.S. Lender and accepted by the Company.

"Floating Bid Rate Advance" means a Competitive Bid Advance which bears interest at the Floating Bid Rate.

"Floating Bid Rate Loan" means a Competitive Bid Loan which bears interest at the Floating Bid Rate.

"Floating Rate Advance" means a Floating Bid Rate Advance or a Floating Rate Revolving Advance.

"Floating Rate Auction" means a solicitation of Competitive Bid Quotes setting forth the Competitive Bid Margin for Floating Bid Rates pursuant to Section 3.4.

"Floating Rate Loan" means a Floating Bid Rate Loan or a Floating Rate Revolving Loan.

"Floating Rate Revolving Advance" means a Revolving Advance which bears interest at the Alternate Base Rate.

"Floating Rate Revolving Loan" means a Revolving Loan which bears interest at the Alternate Base Rate.

"Global Administrative Agent" means The First National Bank of Chicago or any Affiliate thereof in its capacity as global administrative agent for the U.S. Lenders pursuant to Article XV, and not in its individual capacity as a U.S. Lender or in its capacity as an Engineering Bank and any successor Global Administrative Agent appointed pursuant to Article XV.

"Global Borrowing Base" means the Global Borrowing Base then in effect as calculated and established in accordance with the terms and provisions of Section 2.3, as such Global Borrowing Base shall be reduced from time to time pursuant to Sections 2.3(a), (d), (e) or (f) or Section 11.3.

"Global Credit Facility Debt" means, at any time, the consolidated aggregate principal amount of (i) Obligations of the Company under this Agreement, (ii) the "Obligations" (as defined in the Australian Credit Agreement) of the Australian Borrowers under the Australian Loan Documents and (iii) the "Obligations" (as defined in the Canadian Credit Agreement) of the Canadian Borrower under the Canadian Loan Documents.

"Global Effective Date" means a date agreed upon by the Company, the Arrangers and the Global Administrative Agent as the date on which the conditions precedent set forth in Section 7.1 of this Agreement have been satisfied.

"Global Effectiveness Notice" means a notice and certificate of the Company properly executed by an Authorized Officer addressed to the Combined Lenders and delivered to the Global Administrative Agent, in sufficient number of counterparts to provide one for each Combined Lender and each Agent, whereby the Company certifies satisfaction of all the conditions precedent to the effectiveness under Section 7.1 of this Agreement, under Section 7.1 of the Australian Credit Agreement and under Section 7.1 of the Canadian Credit Agreement.

"Global Loan Documents" means the U.S. Loan Documents, the Australian Loan Documents, the Canadian Loan Documents, the Intercreditor Agreement and Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Guaranteed Obligation" means, with respect to any Person as of the time a determination thereof is to be made (without duplication), (i) any obligation, contingent or otherwise, of any such Person whether as guarantor, surety or otherwise with respect to any Indebtedness (other than Indebtedness for which the Company or any Borrowing Base Subsidiary of the Company is the primary obligor), and (ii) any obligation to a foreign government or foreign governmental agency under which such Person must either perform or pay a sum of money in lieu of performance; provided, however, that any obligation of any Person which is Indebtedness of the Company or one or more of its Borrowing Base Subsidiaries shall not be a Guaranteed Obligation of such Person for purposes of this Agreement; and provided further that obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the sale, exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom are not Guaranteed Obligations for purposes of this definition.

"Guarantor" means each of MW Petroleum and any Subsidiary of the Company which is a guarantor pursuant to a Guaranty in favor of the Agents and the U.S. Lenders delivered pursuant to Section 9.11.

"Guaranty" means that certain Guaranty, dated as of July 1, 1991, by MW Petroleum Corporation, a Delaware corporation, as assumed by MW Petroleum pursuant to that certain Assumption Agreement, dated as of December 24, 1991, and each other guaranty delivered pursuant to Section 9.11, or as required by the definition

of "Change of Control", in each case as such guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Hazardous Material" means (a) any "hazardous substance", as defined by CERCLA; (b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended; (c) any petroleum, crude oil or any fraction thereof; (d) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; (e) 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; (f) asbestos-containing materials in any form or condition; or (g) polychlorinated biphenyls in any form or condition.

"Highest Lawful Rate" is defined in Section 3.2.

"Hydrocarbon Interests" means leasehold and other interests in or under leases with respect to property located in the United States of America, Canada, Australia and any other countries acceptable to the Combined Required Lenders, mineral fee interests, production sharing contracts, overriding royalty and royalty interests, net profit interests and production payment interests, insofar and only insofar as such interests relate to Hydrocarbons located in the United States of America, Canada, Australia and any other countries acceptable to the Combined Required Lenders, including any reserved or residual interests of whatever nature.

"Hydrocarbons" means oil, gas and all other liquid or gaseous hydrocarbons and all products refined therefrom and all other minerals and substances, including sulfur, geothermal steam, water, carbon dioxide, helium and any and all other minerals, ores or substances of value and the products and proceeds therefrom.

"IFC" means the International Finance Corporation.

"include" or "including" means including without limiting the generality of any description preceding such terms, and, for purposes of this Agreement and each other U.S. Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" means, with respect to a Person at any time, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services, including obligations payable out of Hydrocarbon production, other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens (other than Liens permitted by Section 11.5, clauses (a) through (d) or clauses (f) through (h)) or payable out of the proceeds of production from property now or hereafter owned or acquired by such Person, (iv) obligations (other than the obligations previously described in clauses (i), (ii), or (iii) of this definition) which are evidenced by notes, bonds, debentures, bankers' acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) liabilities under interest rate swap, exchange, collar or cap agreements and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates, (vii) net liabilities under commodity hedge, commodity swap, exchange, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect a person against fluctuations in oil or gas prices, provided that, each such contract will be marked-to-market and the gain or loss on each such contract and any amounts on deposit with any counterparties or exchanges shall be included in determining such Person's net liability with respect to such contract, (viii) obligations, contingent or otherwise, relative to the amount of all letters of credit, whether or not drawn, and (ix) all Guaranteed Obligations of such Person in respect of any of the foregoing; provided, however, that "Indebtedness" shall not include any amounts included as deferred credits on the financial statements of such Person or of a consolidated group including such Person, determined in accordance with Agreement Accounting Principles; provided further that for purposes of the foregoing clauses (ii), (iii) and (ix) and the "other instruments" described in foregoing clause (iv), obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling

declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom shall not be Indebtedness.

"Indemnified Person" is defined in Section 14.7.

"Indemnity Agreements" means (i) that certain letter agreement, dated as of October 31, 1996, among the Company, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, (ii) that certain letter agreement, dated as of October 31, 1996, among the Australian Borrowers, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, and (iii) that certain letter agreement, dated as of October 31, 1996, among the Canadian Borrower, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, each in form and substance acceptable to the Agents and the Arrangers, as each may be amended, supplemented, restated or otherwise modified from time to time.

"Intercreditor Agreement" means that certain Intercreditor Agreement of even date herewith among the Global Administrative Agent, the Co-Agent, the Canadian Administrative Agent, the Australian Administrative Agent, the Arrangers and the Combined Lenders, in form and substance acceptable to the Agents and the Arrangers, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Interest Period" means, with respect to a Eurodollar Bid Rate Advance or a Eurodollar Revolving Advance, a period of one (1), two (2), three (3) or, subject to availability, six (6) months commencing on a Business Day selected by the Company pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one (1), two (2), three (3) or six (6) months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in the next month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" means, with respect to any Person, any loan, advance, extension of credit (excluding accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, notes, debentures or other securities of any other Person made by such Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Invitation for Competitive Bid Quotes" means an Invitation for Competitive Bid Quotes substantially in the form of Exhibit H hereto, completed and delivered by the Global Administrative Agent to the U.S. Lenders in accordance with Section 3.4(b).

"July 1991 Agreement" is defined in Recital 1.

"Lending Installation" means any office, branch, subsidiary or affiliate of any U.S. Lender, the Global Administrative Agent or any Arranger.

"Lien" means any interest in assets or property securing an obligation owed to, or a claim by, a Person other than the owner of the asset or property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including any security interest, mortgage, pledge,

lien, claim, charge, encumbrance, contract for deed, installment sales contract, production payment, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any Person's assets or properties in favor of any other Person.

"Loan" means any of the Revolving Loans and the Competitive Bid Loans.

"MW Petroleum" means MW Petroleum Corporation, a Colorado corporation.

"MWJR" means MWJR Petroleum Corporation, a Delaware corporation.

"March 1995 Agreement" is defined in Recital 4.

"Material Adverse Effect" means with respect to any matter that such matter (i) could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise), prospects, or results of operations of the Company and its Subsidiaries, taken as a whole, or the value or condition of the Properties taken as a whole, or the ability of the Company or any Subsidiary of the Company which is a party to a U.S. Loan Document to perform its respective obligations under any of the U.S. Loan Documents to which it is party, or (ii) has been brought by or before any court or arbitrator or any governmental body, agency or official, and draws into question or otherwise has or reasonably could be expected to have a material adverse effect on the validity or enforceability of any material provision of any U.S. Loan Document against any obligor party thereto or the rights, remedies and benefits available to the Agents and the U.S. Lenders under the U.S. Loan Documents.

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

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement to which the Company or any member of the Controlled Group is a party and to which more than one employer is obligated to make contributions.

"1992 Revolving Loans" is defined in Recital 2.

"1994 Loans" is defined in Recital 3.

"1995 Loans" is defined in Recital 4.

"1996 Engineers' Report" means those certain Supplemental Reserve Reports as of January 1, 1996 of the Company's engineers, Ryder Scott Company Petroleum Engineers, dated as of April 16, 1996, with respect to the Properties, copies of which have been delivered to the Global Administrative Agent and each of the U.S. Lenders.

"Non-Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which is not a Borrowing Base Subsidiary.

"Note" means any Revolving Note or any Competitive Bid Note.

"Notice of Assignment" is defined in Section 17.3(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid facility fees, and all other obligations of the Company or any Subsidiary to any U.S. Lender or any Agent, whether or not contingent, arising under or in connection with any of the U.S. Loan Documents, and all obligations in respect of any interest rate swap or interest rate cap or collar agreement or other interest rate hedging agreement entered into by the Company or any Subsidiary with any U.S. Lender.

"or" as used in this Agreement is not exclusive.

"Original Revolving Loans" is defined in Recital 1.

"Original Term Loans" is defined in Recital 1.

"Original Termination Date" means October 31, 2001.

"Other Currency" is defined in Section 6.9(a).

"Parent Guaranty" means that certain Guaranty, dated as of October 31, 1996, by the Company in favor of the Canadian Lenders and the other Lender Parties (as defined therein) under the Canadian Credit Agreement, as such Parent Guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Participant" is defined in Section 17.2(a).

"Payment Date" means the second day of January and the first day of each April, July and October of each calendar year, commencing October 1, 1996.

"PBGC" means the Pension Benefit Guaranty Corporation and its successors and assigns.

"Person" means any corporation, limited liability company, natural person, firm, joint venture, partnership, trust, unincorporated organization, enterprise, government or any department or agency of any government.

"Phoenix Egypt" means Phoenix Resources Company of Qarun, Inc., a Delaware corporation and a wholly-owned Subsidiary of Phoenix Resources Company International, a Delaware corporation, a wholly-owned Subsidiary of The Phoenix Resource Companies, Inc., a Delaware corporation, an indirectly ninety-five percent-owned (95%-owned) subsidiary of the Company.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Company or any member of the Controlled Group may have any liability.

"Producers Energy" means Producers Energy Marketing, LLC, a Delaware limited liability company.

"Projections" means the Company's Operations and Financial Summary Data consisting of the Company Case dated April 19, 1996 and the Liquidating Case dated April 19, 1996.

"Properties" means Hydrocarbon Interests which are covered by either the most recent Approved Engineers' Report or the most recent Company's Engineers' Report submitted by the Company pursuant to Section 9.1 and which Hydrocarbon Interests are included in the calculation of the then effective Global Borrowing Base.

"Proved Developed Non-Producing Reserves" means, with respect to the Properties, those quantities of Hydrocarbons, estimated with reasonable certainty, as demonstrated by geological and engineering data, to be economically recoverable from the Properties by producing methods under existing economic conditions using existing equipment and operating methods from locations which are behind the casing of existing wells or at minor depths below the present bottom of such wells and which are expected to be produced through these wells in the predictable future, where a relatively small expenditure is required for completion or recompletion to make such Hydrocarbons available for production.

"Proved Developed Producing Reserves" means, with respect to the Properties, those quantities of Hydrocarbons, estimated with reasonable certainty, as demonstrated by geological and engineering data, to be economically recoverable from the Properties by producing methods under existing economic conditions using existing equipment and operating methods from existing completion intervals open for production in existing wells.

"Proved Reserves" means, with respect to the Properties, Proved Developed Producing Reserves, Proved Developed Non-Producing Reserves and Proved Undeveloped Reserves.

"Proved Undeveloped Reserves" means, with respect to the Properties, those quantities of Hydrocarbons, estimated with reasonable certainty, as demonstrated by geological and engineering data, to be economically recoverable from the Properties by producing methods under existing economic conditions using existing equipment, or equipment for which there is a reasonable expectation of or commitment to installation in the future, and operating methods from (i) existing wells where a relatively large expenditure is required for completion or recompletion and (ii) new wells on undrilled locations (a) which are direct offsets to existing wells then or previously open for production, (b) which are within known proved productive limits of the subject formation, estimated with reasonable certainty, (c) which conform to existing completion intervals for existing wells and (d) which will be developed with a reasonable degree of certainty.

"Purchaser" is defined in Section 17.3(a).

"Qualified Long Term Rating" means in respect of any Person, a Person which has publicly traded debt securities rated either A- or higher by S&P or A(3) or higher by Moody's.

"Rate Option" means the Eurodollar Rate or the Alternate Base Rate.

"Rating Agency" means each of D&P, Moody's and S&P.

"Rating Level" means the level set forth below that corresponds to the highest two of three ratings issued from time to time by Moody's, S&P and D&P, as applicable to Company's senior unsecured long-term debt which is not secured or supported by a guaranty, letter of credit or other form of credit enhancement; provided, however, that in the event that a split occurs between the highest two ratings, then the level corresponding to the lower of the highest two ratings shall apply:

	Moody's -----	S&P ---	D&P ---
Level I)-Baa1)-BBB+)-BBB+
Level II	Baa2	BBB	BBB
Level III	Baa3	BBB-	BBB-
Level IV	(Baa3	(BBB-	(BBB-

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

For purposes of the foregoing, (i) ")" means a rating more favorable than or equal to; "(" means a rating less favorable than; (ii) if ratings for the Company's senior unsecured long-term debt which is not secured or supported by a guaranty letter of credit or other form of credit enhancement shall not be available from two Ratings Agencies, 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 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; (iv) if any of the Rating Agencies shall change its ratings nomenclature prior to the date all Obligations have been paid and the Commitments cancelled, Company and the Global Administrative Agent shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such change, and pending such amendment, if an appropriate applicable Rating Level is otherwise not determinable based upon the foregoing grid, the last applicable Rating Level in effect at the time of such change shall continue to apply.

"Reference Lenders" means First Chicago and Chase.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulation or official interpretation of said Board of Governors or any successor Person relating to reserve requirements applicable to member banks of the Federal Reserve System or any successor Person.

"Regulation U" means any of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulations or official interpretations of said Board of Governors or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

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

"Replacement Lender" is defined in Section 2.2.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waivers in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means, as of any date of determination, U.S. Lenders having in the aggregate at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, U.S. Lenders holding at least 66-2/3% of the then outstanding principal amount of the Loans.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or regulations issued from time to time by the Board of Governors of the Federal Reserve System) which is then applicable to assets or liabilities consisting of and including with a maturity equal to that of the "Eurocurrency Liabilities", as defined in Regulation D, having a term approximately equal or comparable to such Interest Period.

"Revolving Advance" means a borrowing hereunder consisting of the aggregate amount of the several Revolving Loans made by the U.S. Lenders or any of them to the Company on the same Borrowing Date, at the same Rate Option and, in the case of Eurodollar Revolving Loans, for the same Interest Period.

"Revolving Loan" means, with respect to a U.S. Lender, a revolving loan made by such U.S. Lender pursuant to Sections 2.1 and 3.3 as the result of a Borrowing Notice from the Company requesting an Advance.

"Revolving Note" means a promissory note in substantially the form of Exhibit A-1 hereto (with appropriate insertions and deletions), duly executed and delivered to the Global Administrative Agent by the Company and payable to the order of a U.S. Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

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

"Sale" means any sale, transfer, assignment, lease, conveyance, exchange, swap or other disposition.

"Schedules" means Schedules A, 8.8, 11.1 and 11.10 hereto.

"Single Employer Plan" means a Plan maintained by the Company or any member of the Controlled Group for employees of the Company or any member of the Controlled Group.

"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.

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.

"Spot Rate of Exchange" means, on any date, the rate of exchange between two currencies which is quoted on the Reuters' Screen page BOFC at or about 1:00 p.m. (Chicago time) on that day.

"Stated Maturity Date" means the maturity date of a Competitive Bid Advance as provided in Section 3.4(a).

"Subsidiary" means, with respect to any Person, any other Person more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person; provided, that with respect to the Company, Subsidiaries shall include MW Petroleum, MWJR and any other Person more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries; and further provided, that, notwithstanding the foregoing, Subsidiaries of the Company shall not include Producers Energy and Apache Series 1996-A Trust, a Delaware business trust, except for the purposes of Sections 8.10, 8.15, 8.16 and 12.1 (insofar as the representation or warranty which is breached or shall be false was made pursuant to Sections 8.10, 8.15 or 8.16).

"Termination Date" means the Original Termination Date, or such other later date as may result from any extension requested by the Company and consented to by the U.S. Lenders pursuant to Section 2.2.

"Transferee" is defined in Section 17.4.

"Unfunded Liabilities" means, (i) in the case of Single Employer Plans, the amount (if any) by which the present value of all vested nonforfeitable benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans, and (ii) in the

case of Multiemployer Plans, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all Multiemployer Plans.

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

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"U.S. Lenders" means the financial institutions listed on the signature pages of this Agreement and their respective successors and assigns in accordance with Section 17.3 (including any commercial lending institution becoming a party hereto pursuant to an Assignment Agreement) or otherwise by operation of law.

"U.S. Loan Documents" means this Agreement, the Notes, the Guaranties, the Assignment Agreements, the agreement with respect to fees described in Section 2.4(b), the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"U.S. Subsidiary" means any Subsidiary that is organized under the laws of the United States.

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 each Schedule and Exhibit hereto and in each Note, Borrowing Notice, Competitive Bid Borrowing Notice, Continuation/Conversion Notice, U.S. Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other U.S. Loan Document.

1.3. Cross References. Unless otherwise specified, references in this Agreement and in each other U.S. Loan Document to any Article, Section, Exhibit or Schedule are references to such Article or Section of or Schedule or Exhibit to this Agreement or such other U.S. 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.

1.4. Accounting and Financial Determination. Unless otherwise specified, all accounting terms used herein or in any other U.S. Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder, and all financial statements required to be delivered hereunder or thereunder, shall be prepared in accordance with, the Agreement Accounting Principles.

1.5. Currency References. Unless otherwise specified herein, all dollar amounts expressed herein shall refer to U.S. Dollars. Except as otherwise herein specified, for purposes of calculating compliance with the terms of this Agreement and the other U.S. Loan Documents (including for purposes of calculating compliance with the covenants), any other obligation or calculation shall be converted to its Equivalent Amount in U.S. Dollars.

ARTICLE II

THE FACILITY

2.1. The Facility.

(a) Description of Facility. On the Global Effective Date, all outstanding 1995 Loans shall be renewed, restated, extended and converted into (but shall not be deemed to be repaid) Revolving Loans under this Agreement; provided, however, that from and including the Global Effective Date, the Eurodollar Spread applicable

with respect to such renewed, restated, extended and converted 1995 Loans shall be determined pursuant to this Agreement. On the terms and subject to the conditions set forth in this Agreement (including satisfaction of the conditions precedent set forth in Article VII), the U.S. Lenders grant to the Company a revolving credit facility pursuant to which, and upon the terms and conditions herein set out:

(i) each U.S. Lender severally agrees to make Revolving Loans to the Company in accordance with this Section and Article III; and

(ii) each U.S. Lender may, in its sole discretion, make bids to make Competitive Bid Loans to the Company in accordance with this Section and Article III.

(b) Facility Amount. In no event may the aggregate principal amount of all outstanding Loans (including both the Revolving Loans and the Competitive Bid Loans) exceed the lesser of the Aggregate Commitment or the Global Borrowing Base and no U.S. Lender shall be obligated to make any Loan hereunder if, after giving effect to such Loan, the sum of the aggregate outstanding principal amount of all Borrowing Base Debt would exceed the Global Borrowing Base; provided that if the Company shall have requested an Advance the proceeds of which will be used to repay outstanding Borrowing Base Debt and so long as no Default or Unmatured Default shall have occurred and be continuing, then, with respect to the calculations set forth in this subsection, such Advance shall not be included within the amount of outstanding Loans and outstanding Borrowing Base Debt until 5:00 p.m. (Central time) on the day of such Advance; provided, further, that the continuation of any Floating Rate Loan or any Eurodollar Loan or the conversion of any Eurodollar Loan into a Floating Rate Loan or, except if a Commercial Paper Backup Exclusion Event has occurred and is continuing, the borrowing of a Loan which is used exclusively to repay Commercial Paper Obligations shall not be deemed to be a borrowing of a Loan for purposes of this subsection or an Advance during the applicable period provided in Section 4.1(a) for the Company to make a mandatory payments because of a Debt Limit Excession; provided, further, that, in the case of a continuation of a Eurodollar Loan during a continuing Debt Limit Excession, such continuation shall only be permitted for a period ending on or prior to the date by which the Company is required to make a mandatory prepayment because of a Debt Limit Excession provided in Section 4.1(a).

(c) All Loans. Subject to the terms and conditions of this Agreement, the Company may borrow, repay and reborrow all Loans made under this Agreement at any time prior to the Termination Date. The obligations of the U.S. Lenders to make Loans shall cease on the Termination Date, and any and all Loans outstanding on such date shall be due and payable on such date.

(d) Revolving Advances. Each Revolving Advance hereunder shall consist of borrowings made from the several U.S. Lenders ratably in proportion to the amounts of their respective Commitments. The aggregate outstanding amount of Competitive Bid Loans shall reduce each U.S. Lender's obligation to make Loans in an amount not to exceed the lesser of the Aggregate Commitment or the Global Borrowing Base (provided that the sum of the aggregate outstanding principal amount of all Borrowing Base Debt shall not exceed the Global Borrowing Base except as permitted in Section 2.1(b)), ratably in the proportion such U.S. Lender's Commitment bears to the Aggregate Commitment regardless of which U.S. Lender or U.S. Lenders makes such Competitive Bid Loans.

(e) Competitive Bid Loans. In addition to Revolving Loans pursuant to Section 2.1(d), but subject to the terms and conditions of this Agreement (including, without limitation, the limitation set forth in Section 2.1(b) as to the maximum aggregate principal amount of all outstanding Loans hereunder), the Company may, as set forth in this Section 2.1(e) and Article III, at any time request the U.S. Lenders, prior to the Termination Date, to make offers to make Competitive Bid Advances to the Company. Each U.S. Lender may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept such offers.

2.2. Extension of Termination Date and of Aggregate Commitment.

(a) Subject to the other provisions of this Agreement, the Aggregate Commitment shall be effective for an initial period from the Global Effective Date to the Original Termination Date; provided that the Termination Date, and concomitantly the Aggregate Commitment, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Termination Date. If the Company shall request in an Annual Certificate of Extension delivered to the Global Administrative Agent concurrently with delivery of the Approved Engineers' Report delivered prior to the then scheduled Termination Date pursuant to Section 9.1(d) that the Termination Date be extended for one year from the then scheduled Termination Date, then the Global Administrative Agent shall promptly notify each U.S. Lender of such request and each U.S. Lender shall notify the Global Administrative Agent, no later than the next date by which each U.S. Lender is required, pursuant to Section 2.3(a), to approve or disapprove the Engineering Banks' determination of the Global Borrowing Base, and whether such U.S. Lender, in the exercise of its sole discretion, will extend the Termination Date for such one year period. Any U.S. Lender which shall not timely notify the Global Administrative Agent whether it will extend the Termination Date shall be deemed to not have agreed to extend the Termination Date. No U.S. Lender shall have any obligation whatsoever to agree to extend the Termination Date. Any agreement to extend the Termination Date by any U.S. Lender shall be irrevocable, except as provided in Section 2.2(c).

(b) If all the U.S. Lenders notify the Global Administrative Agent pursuant to clause (a) of this Section 2.2 of their agreement to extend the Termination Date (such U.S. Lenders agreeing to extend the Termination Date herein called the "Accepting Lenders"), then the Global Administrative Agent shall so notify each U.S. Lender and the Company, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If U.S. Lenders constituting at least the Required Lenders approve the extension of the then scheduled Termination Date and if one or more of the U.S. Lenders shall notify, or be deemed to notify, the Global Administrative Agent pursuant to clause (a) of this Section 2.2 that they will not extend the then scheduled Termination Date (such U.S. Lenders herein called the "Declining Lenders"), then (A) the Global Administrative Agent shall promptly so notify the Company and the Accepting Lenders, (B) the Accepting Lenders shall, upon the Company's election to extend the then scheduled Termination Date in accordance with clause (i) or (ii) below, extend the then scheduled Termination Date and (C) the Company shall pursuant to a notice delivered to the Global Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth day following the date by which each U.S. Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Aggregate Commitment, either:

(i) elect to extend the Termination Date with respect to the Accepting Lenders and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Termination Date except for the operation of this Section 2.2. On such date, (x) the Company shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Global Administrative Agent and (y) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a U.S. Lender hereunder for all purposes, other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Section 15.8, and the Global Administrative Agent shall promptly notify the Accepting Lenders and the Company of the new Aggregate Commitment; or

(ii) elect to extend the Termination Date with respect to the Accepting Lenders and, prior to or no later than the then scheduled Termination Date, (A) to replace one or more of the Declining Lender or Declining Lenders with another lender or lenders reasonably acceptable to the Global Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders which are not

being replaced, as provided in clause (i) above; provided that (x) the Replacement Lender or Replacement Lenders shall purchase, and the Declining Lender or Declining Lenders shall sell, the Notes of the Declining Lender or Declining Lenders being replaced and the Declining Lender's or Declining Lenders' rights hereunder without recourse or expense to, or warranty by, such Declining Lender or Declining Lenders being replaced for a purchase price equal to the aggregate outstanding principal amount of the Note or Notes payable to such Declining Lender or Declining Lenders plus any accrued but unpaid interest on such Note or Notes and accrued but unpaid fees in respect of such Declining Lender's or Declining Lenders' Loans and Commitments hereunder, and (y) all obligations of the Company owing under or in connection with this Agreement to the Declining Lender or Declining Lenders being replaced (including, without limitation, such increased costs, breakage fees payable under Section 6.3 and all other costs and expenses payable to each such Declining Lender) shall be paid in full in immediately available funds to such Declining Lender or Declining Lenders concurrently with such replacement, and (z) upon the payment of such amounts referred to in clauses (x) and (y), the Replacement Lender or Replacement Lenders shall each constitute a U.S. Lender hereunder and the Declining Lender or Declining Lenders being so replaced shall no longer constitute a U.S. Lender (other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Section 15.8; or

(iii) elect to revoke and cancel the extension request in such Annual Certificate of Extension by giving notice of such revocation and cancellation to the Global Administrative Agent (which shall promptly notify the U.S. Lenders thereof) no later than the tenth day following the date by which each U.S. Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Termination Date, and concomitantly the Aggregate Commitment.

If the Company fails to timely provide the election notice referred to in this clause(c), the Company shall be deemed to have revoked and cancelled the extension request in the Annual Certificate of Extension and to have elected not to extend the Termination Date, and the concomitant Aggregate Commitment, with respect to the Accepting Lenders, and, on the then scheduled Termination Date, the Company shall repay in full all Obligations under the U.S. Loan Documents.

2.3. Global Borrowing Base.

(a) Initial Global Borrowing Base; Scheduled Semi-Annual and Discretionary Determinations of the Global Borrowing Base; Procedures for Determination of the Global Borrowing Base. The initial Global Borrowing Base shall be \$947,000,000. The Global Borrowing Base shall be redetermined upon receipt by the Global Administrative Agent, the Engineering Banks, the Australian Administrative Agent (on its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (on its own behalf and on behalf of the Canadian Lenders), and the U.S. Lenders of the relevant Approved Engineers' Report or Company's Engineers' Report, as the case may be, pursuant to Sections 2.3(b), (d) or (e) or 9.1(d), (e) or (f). The redeterminations of the Global Borrowing Base described in the preceding sentence shall be made as follows: The Engineering Banks shall make a determination of the Global Borrowing Base in accordance with the criteria described in clause (c) of this Section 2.3, within thirty (30) days after receipt of the Approved Engineers' Report or the Company's Engineers' Report, as the case may be. Within ten (10) days following such determination, the Global Administrative Agent shall notify the U.S. Lenders, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders) and the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) in writing of such determination of the amount of the proposed Global Borrowing Base. Each of the Combined Lenders shall notify the Global Administrative Agent in writing, by telex or by facsimile transmission whether it approves or disapproves of any such determination within ten (10) Business Days of its receipt of such notice from the Global Administrative Agent; provided that any of the Combined Lenders which do not so notify the Global Administrative Agent shall be deemed to have approved of such determination. Upon the approval (or deemed approval) by the Combined Required Lenders, such determination shall thereafter be the Global Borrowing Base and the Global Administrative Agent shall within five (5) days of such approval notify the Company in writing

of such redetermined Global Borrowing Base. The Global Administrative Agent shall promptly notify the Company, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders of any change in the Global Borrowing Base. Additionally, the Global Borrowing Base may or will be reduced from time to time as provided in Sections 2.3(d), (e) and (f) and Section 11.3.

(b) Determination of Global Borrowing Base at Request of Company.

The Company may request one Global Borrowing Base determination between any regularly scheduled semi-annual redeterminations of the Global Borrowing Base by delivery to the Global Administrative Agent, which will then notify the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, of a written request for such determination. In connection with any such determinations, the Company shall deliver to the Global Administrative Agent, which will then deliver to the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, such reports and information concerning the Properties (which may include in the Engineering Banks' sole discretion an Approved Engineers' Report or a Company's Engineers' Report as of such date) as the Engineering Banks shall deem appropriate in its or their sole discretion. In addition, the Company may request, at its sole cost and expense, a Global Borrowing Base determination upon the payment or conversion of any Excluded Principal Debt by delivering to the Global Administrative Agent, which will then notify the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, a written request for such determination, and such Global Borrowing Base determination shall not affect the Company's right to request and receive one Global Borrowing Base determination between semi-annual redeterminations as provided in Section 2.3(b).

(c) Criteria for Determination of the Global Borrowing Base. Each

determination by the Engineering Banks and the approval by the Combined Required Lenders of the Global Borrowing Base attributable to all the Properties owned by the Company or its Subsidiaries, including Properties owned through partnerships (but not to exceed in each case an undivided share of such Properties equal to the Company's ownership share of such partnerships), shall be made by them in the exercise of their respective sole discretion based on their then current engineering criteria and oil and gas lending criteria, all as determined using the then most recently received Approved Engineers' Report or Company's Engineers' Report, as the case may be, and, subject to the approval of the Combined Required Lenders to the extent set forth in clause (a) of this Section 2.3, shall be conclusive and binding in the absence of manifest error.

(d) Redeterminations of Global Borrowing Base Upon Material Adverse

Effect. In the event of: (i) the assertion or filing of any adverse claim, defect or encumbrance affecting or purporting to affect the title of the Company or any Subsidiary to any Property; or (ii) any blow out or other casualty affecting any Property or the production of oil and gas therefrom; or (iii) any withholding after one hundred twenty (120) days following commencement of production by any Person of sums due the Company or any Subsidiary in respect of Hydrocarbons produced, which withholding results from an allegation or claim affecting such Person's rights to such payment; which results in a Material Adverse Effect, the Engineering Banks shall have the right in their sole discretion to reduce the Global Borrowing Base, either temporarily or permanently, by the amount included therein with respect to the interest as to which a claim, defect, encumbrance, withholding or dispute has arisen or exists or a casualty has occurred. The failure of the Engineering Banks to make any such reduction upon receipt of any notice with respect to any such claim, dispute or casualty shall not preclude their later election to so reduce the Global Borrowing Base.

(e) Redetermination of Global Borrowing Base Upon Material Changes.

In the event that (i) "material changes" occur between the dates of determination of the Global Borrowing Base (A) in oil and/or gas prices, (B) in taxes, (C) in anticipated rates or amounts of production from any Properties included in the Global Borrowing Base, (D) in the Company's or any Subsidiary's, as the case may be, title or purported title to the Properties, (E) in operating, lease, royalty and other arrangements relating to the Properties, (F) in operating costs with respect to

the Properties, or (G) in the Company's anticipated revenues as a result of the Company or any of its Subsidiaries' granting a Lien upon any of its Properties securing Indebtedness permitted by Section 11.1(f) or incurring Indebtedness permitted by Section 11.1(f) or (ii) any payment of Excluded Principal Debt not permitted pursuant to Section 11.6 is made by the Company or any of its Subsidiaries, or (iii) a Downgrade Condition has occurred and is continuing, then in any such event the Engineering Banks may, in their sole discretion, redetermine the Global Borrowing Base in accordance with the standards set forth in Section 2.3(c) prior to the receipt of either a new Approved Engineers' Report or a new Company's Engineers' Report by adjusting the Global Borrowing Base to reflect the changes which have occurred. For the purposes hereof, "material changes" shall be deemed to have occurred for purposes of this Section 2.3(e) when such changes would in the aggregate result in a material decrease in the Global Borrowing Base as determined by the Engineering Banks in their sole and absolute discretion. In the event of a redetermination of Global Borrowing Base as set forth in the preceding sentence, the Company may request, at its sole cost and expense, a subsequent Global Borrowing Base determination by delivering to the Global Administrative Agent, which will then notify the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, a written request for such determination, and such Global Borrowing Base determination shall not affect the Company's right to request and receive one Global Borrowing Base determination between semi-annual redeterminations as provided in Section 2.3(b).

(f) Reduction of Global Borrowing Base Upon Sales of Certain Properties. Upon consummation of the Sale of any Property or any Borrowing Base Subsidiary constituting (and designated by the Company in a notice to the Global Administrative Agent as constituting) a permitted Sale under clause (iii) of Section 11.3, the Global Borrowing Base shall be reduced on account of such Sale by an amount equal to the proceeds of such Sale net of reasonable incidental brokerage and legal costs actually paid to third parties, net of taxes associated with such Sale payable in cash concurrently with the consummation of such Sale, and net of federal and state income taxes estimated to be due in respect of such Sale by the Company acting reasonably and in good faith, provided reserves for such taxes are established by the Company; and provided, further, that, if (i) the Company shall provide the Global Administrative Agent with the allocation between Properties and other assets owned by such Borrowing Base Subsidiary for tax purposes of the actual purchase price and proceeds from the Sale of a Borrowing Base Subsidiary and (ii) the Global Administrative Agent and the Engineering Banks reasonably determine, in their sole discretion, that such allocation is acceptable, then the proceeds of such Sale of a Borrowing Base Subsidiary shall be deemed to be the amount set forth in the allocation for tax purposes for the sale of the Properties of such Borrowing Base Subsidiary. Upon the consummation of the Sale of any Property or any Borrowing Base Subsidiary constituting a permitted Sale under clause (iv) of Section 11.3, the Global Borrowing Base shall be reduced by an amount required under Section 11.3 on account of such Sale.

(g) Title Warranty. Delivery to the U.S. Lenders of any Approved Engineers' Report or Company's Engineers' Report shall be deemed to be a reaffirmation as of the date of delivery of such report of the representation and warranties in Section 8.14.

2.4. Facility Fee; Other Fees.

(a) Facility Fee. The Company agrees to pay to the Global Administrative Agent for the account of each U.S. Lender a facility fee for the period from (and including) the date hereof to the Termination Date, at the applicable rates per annum set forth in Schedule A based on the applicable Rating Level on such U.S. Lender's ratable portion of the Aggregate Commitment as in effect from time to time; provided, however, that a reduction in a U.S. Lender's portion of the Aggregate Commitment pursuant to Section 2.1(d) shall not reduce such U.S. Lender's ratable portion of the Aggregate Commitment for the purposes of this Section 2.4(a).

Facility fees accruing pursuant to this Section 2.4(a) shall be payable in arrears on each Payment Date hereafter and on the Termination Date. The effective date for any change in the Facility Fees accruing pursuant to this Section 2.4(a) shall be any date on which a change in the applicable Rating Level occurs. In addition to the

foregoing, the Company agrees to pay all fees accruing prior to date hereof with respect to each U.S. Lender's commitments under the March 1995 Agreement.

(b) Agents' Fees. The Company shall pay to each Agent for its own respective account such fees in connection with this Agreement as previously have been agreed in writings between the Company and any such Agent (as such writings may hereafter be amended, supplemented, restated or otherwise modified and in effect).

ARTICLE III

BORROWING; SELECTING RATE OPTIONS; ETC.

3.1. Method of Borrowing.

(a) Revolving Loans. Not later than 2:00 p.m. (Chicago time) on each Borrowing Date for Revolving Loans, each U.S. Lender shall make available its Loan or Loans, in funds immediately available in Chicago, to the Global Administrative Agent at its address specified pursuant to Article XVIII. The Global Administrative Agent will make the funds so received from the U.S. Lenders with respect to Revolving Loans available to the Company at the Global Administrative Agent's aforesaid address.

(b) Competitive Bid Loans. Not later than noon (Chicago time) on the Borrowing Date specified for each Competitive Bid Loan, each U.S. Lender whose Competitive Bid Quote in respect thereof the Company accepted pursuant to Section 3.4(e) shall make available its Competitive Bid Loan, in funds immediately available in Chicago, to the Global Administrative Agent at its address specified pursuant to Article XVIII. The Global Administrative Agent will make the funds so received from the U.S. Lenders with respect to Competitive Bid Loans available to the Company at the Global Administrative Agent's aforesaid address.

3.2. Maximum Interest. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of the Company to a U.S. Lender or any Agent 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 U.S. Lender or Agent limiting rates of interest which may be charged or collected by such U.S. Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a U.S. Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such U.S. Lender or Agent notwithstanding anything to the contrary in this Agreement or any other U.S. Loan Document but subject to Section 3.8 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other U.S. Loan Document, it is agreed as follows:

(a) the provisions of this Section 3.2 shall govern and control;

(b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such U.S. Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each U.S. Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to the Company by such U.S. Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to the Company);

(c) all sums paid, or agreed to be paid, to such U.S. Lender or Agent for the use, forbearance and detention of the indebtedness of the Company to such U.S. Lender or Agent hereunder or under any U.S. Loan Document shall, to the extent permitted by laws applicable to such U.S. Lender

or Agent, as the case may be, 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;

(d) if at any time the interest provided pursuant to this Section 3.2 or any other clause of this Agreement or any other U.S. Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other U.S. Loan Document and deemed interest under laws applicable to such U.S. Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such U.S. Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other U.S. Loan Document, 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 U.S. Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other U.S. Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such U.S. Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section 3.2), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section 3.2; and

(e) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other U.S. Loan Documents) by such U.S. Lender or Agent would cause such U.S. Lender to charge the Company a criminal rate of interest, the U.S. Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such U.S. Lender or Agent, as applicable, and if received such affected U.S. Lender or Agent will return such funds to the Company so that the rate of interest paid by the Company shall not exceed a criminal rate of interest from the date this Agreement was entered into.

3.3. Method of Selecting Rate Options and Interest Periods for Revolving Loans. The Company shall select the Rate Option and Interest Period applicable to each Revolving Advance from time to time. The Company shall give the Global Administrative Agent irrevocable notice (a "Borrowing Notice") not later than (a) noon (Chicago time) on the Borrowing Date of each Floating Rate Revolving Advance, and (b) noon (Chicago time) at least three (3) Business Days before the Borrowing Date for each Eurodollar Revolving Advance, specifying:

- (i) that the Borrowing Notice is delivered under this Agreement,
- (ii) the Borrowing Date, which shall be a Business Day, of such Revolving Advance,
- (iii) the aggregate amount of such Revolving Advance,
- (iv) the Rate Option selected for such Revolving Advance, and
- (v) in the case of each Eurodollar Revolving Advance, the Interest Period applicable thereto.

Each Eurodollar Revolving Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined from time to time as applicable to such Eurodollar Revolving Advance. The Company shall select Interest Periods with respect to Eurodollar Revolving Advances so that it is not necessary to pay a Eurodollar Revolving Advance prior to the last day of the applicable Interest Period in order to make the mandatory repayment on the Termination Date.

3.4. Competitive Bid Loans.

(a) Competitive Bid Quote Request. When the Company wishes to request offers to make Competitive Bid Loans under this Agreement, it shall transmit to the Global Administrative Agent by telex or telecopy a Competitive Bid Quote Request substantially in the form of Exhibit E hereto so as to be received no later than (i) 11:00 a.m. (Chicago time) at least four (4) Business Days prior to the Borrowing Date proposed therein, in the case of a Eurodollar Auction or (ii) 9:00 a.m. (Chicago time) at least one (1) Business Day prior to the Borrowing Date proposed therein, in the case of a Floating Rate Auction specifying:

(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 Eurodollar Bid Rate or a Floating Bid Rate, or both;

(iv) in the case of each Floating Rate Auction, the maturity date (relative to each Competitive Bid Loan, its "Stated Maturity Date") for the proposed Competitive Bid Advance (which Stated Maturity Date may not be earlier than the date occurring seven (7) days after the proposed Borrowing Date of such Competitive Bid Advance or later than the earlier of (x) the date occurring 185 days after the proposed Borrowing Date of such Competitive Bid Advance and (y) the Termination Date); and

(v) in the case of each Eurodollar Bid Rate Advance, the Interest Period applicable thereto (which may not end after the Termination Date); provided that the final day of the Interest Period applicable to each Eurodollar Bid Rate Loan shall be the Stated Maturity Date thereof.

The Company may request offers to make Competitive Bid Loans for more than one Interest Period in a single Competitive Bid Quote Request. No Competitive Bid Quote Request shall be given within 5 Business Days (or such other number of days as the Company and the Global Administrative Agent may agree) of any other Competitive Bid Quote Request. A Competitive Bid Quote Request that does not conform substantially to the format of Exhibit E hereto shall be rejected, and the Global Administrative Agent shall promptly notify the Company of such rejection by telex or telecopy.

(b) Invitation for Competitive Bid Quotes. Promptly and in any event before the close of business on the same Business Day of receipt of a Competitive Bid Quote Request that is not rejected pursuant to Section 3.4(a), the Global Administrative Agent shall send to each of the U.S. Lenders by telex or telecopy an Invitation for Competitive Bid Quotes substantially in the form of Exhibit H hereto, which shall constitute an invitation by the Company to each U.S. Lender to submit Competitive Bid Quotes offering to make the Competitive Bid Loans to which such Competitive Bid Quote Request relates in accordance with this Section 3.4; provided that the Global Administrative Agent shall not be required to send an Invitation for Competitive Bid Quotes to any U.S. Lender that has failed to submit a Competitive Bid Quote after each of the last three Invitations for Competitive Bid Quotes sent to such U.S. Lender unless the Company or such U.S. Lender has given notice to the Global Administrative Agent specifically referring to such Invitation for Competitive Bid Quotes and requesting that this proviso not apply to such Invitation for Competitive Bid Quotes, in which case this proviso automatically shall not apply to such Invitation for Competitive Bid Quotes.

(c) Submission and Contents of Competitive Bid Quotes.

(i) Each U.S. Lender may, in its sole discretion, 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 3.4(c)

and must be submitted to the Global Administrative Agent by telex or telecopy at its offices specified pursuant to Article XVIII not later than (A) 11:00 a.m. (Chicago time) at least three (3) Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction, or (B) 9:00 a.m. (Chicago time) on the proposed Borrowing Date, in the case of a Floating Rate Auction (or, in either case upon reasonable prior notice to the U.S. Lenders, such other time and date as the Company and the Global Administrative Agent may agree); provided that Competitive Bid Quotes submitted by First Chicago may only be submitted if the Global Administrative Agent or First Chicago notifies the Company of the terms of the offer or offers contained therein not later than 15 minutes prior to the latest time at which the relevant Competitive Bid Quotes must be submitted by the other U.S. Lenders. Subject to Articles VII and XII, any Competitive Bid Quote so made shall be irrevocable except with the written consent of the Global Administrative Agent given on the instructions of the Company.

(ii) Each Competitive Bid Quote shall be in substantially the form of Exhibit K hereto and shall in any case specify:

(A) the proposed Borrowing Date, which shall be the same as that set forth in the applicable Invitation for Competitive Bid Quotes;

(B) the Stated Maturity Date and 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 U.S. Lender, (2) must be at least \$5,000,000 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;

(C) the Competitive Bid Margin offered for each such Competitive Bid Loan;

(D) the minimum amount, if any, of the Competitive Bid Loan which may be accepted by the Company; and

(E) the identity of the quoting U.S. Lender.

(iii) The Global Administrative Agent shall reject any Competitive Bid Quote that:

(A) is not substantially in the form of Exhibit K hereto or does not specify all of the information required by Section 3.4(c)(ii);

(B) contains qualifying, conditional or similar language, other than any such language contained in Exhibit K hereto;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bid Quotes; or

(D) arrives after the time set forth in Section 3.4(c)(i).

If any Competitive Bid Quote shall be rejected pursuant to this Section 3.4(c)(iii), then the Global Administrative Agent shall notify the relevant U.S. Lender of such rejection as soon as practical.

(d) Notice to Company. The Global Administrative Agent shall promptly notify the Company of the terms (i) of each Competitive Bid Quote submitted by a U.S. Lender that is in accordance with Section 3.4(c) and (ii) of any Competitive Bid Quote that amends, modifies or is otherwise inconsistent with a previous Competitive Bid Quote submitted by such U.S. Lender with respect to the same Competitive Bid Quote Request. Any such

subsequent Competitive Bid Quote shall be disregarded by the Global Administrative 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 Global Administrative Agent's notice to the Company shall specify the aggregate principal amount of Competitive Bid Loans for which offers have been received for each Interest Period or Stated Maturity Date specified in the related Competitive Bid Quote Request and the respective principal amounts and Eurodollar Bid Rates or Floating Bid Rates, as the case may be, so offered.

(e) Acceptance and Notice by Company. Not later than (i) noon (Chicago time) at least three (3) Business Days prior to the proposed Borrowing Date, in the case of a Eurodollar Auction or (ii) 10:00 a.m. (Chicago time) on the proposed Borrowing Date, in the case of a Floating Rate Auction (or, in either case upon reasonable prior notice to the U.S. Lenders, such other time and date as the Company and the Global Administrative Agent may agree), the Company shall notify the Global Administrative Agent of its acceptance or rejection of the offers so notified to it pursuant to Section 3.4(d); provided, however, that the failure by the Company to give such notice to the Global Administrative 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 specify the aggregate principal amount and the Interest Period and Stated Maturity Date of each offer that is accepted. The Company may accept any Competitive Bid Quote in whole or in part (subject to the terms of Section 3.4(c)(ii)(D)); provided that:

(i) the aggregate principal amount of each Competitive Bid Advance may not exceed the applicable amount set forth in the related Competitive Bid Quote Request;

(ii) acceptance of offers may only be made on the basis of ascending Eurodollar Bid Rates or Floating Bid Rates, as the case may be; and

(iii) the Company may not accept any offer that is described in Section 3.4(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) Allocation by Global Administrative Agent. If offers are made by two or more U.S. Lenders with the same Eurodollar Bid Rates or Floating Bid Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are 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 Global Administrative Agent among such U.S. Lenders as nearly as possible (in such multiples, not greater than \$1,000,000, as the Global Administrative Agent may deem appropriate) in proportion to the aggregate principal amount of such offers; provided, however, that no U.S. Lender shall be allocated a portion of any Competitive Bid Advance which is less than the minimum amount which such U.S. Lender has indicated that it is willing to accept. Allocations by the Global Administrative Agent of the amounts of Competitive Bid Loans shall be conclusive in the absence of manifest error. The Global Administrative Agent shall promptly, but in any event on the same Business Day, notify each U.S. Lender of its receipt of a Competitive Bid Borrowing Notice and the aggregate principal amount of such Competitive Bid Advance allocated to each participating U.S. Lender.

3.5. Minimum Amount of Each Advance. Each requested Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof); provided, however, that any Floating Bid Rate Advance and any Floating Rate Revolving Advance may be in the amount of the difference between (i) the Global Borrowing Base minus (ii) the aggregate principal amount of Borrowing Base Debt.

3.6. Continuation and Conversion Elections. By providing a Continuation/Conversion Notice to the Global Administrative Agent on or before noon (Chicago time), in the case of a Eurodollar Revolving Loan, or 10:00 a.m. (Chicago time), in the case of a Floating Rate Revolving Loan, on a Business Day, the Company may from time to time irrevocably elect, on, in the case of a Eurodollar Revolving Loan, not less than three nor more than five, and in the case of a Floating Rate Revolving Loan not less than one or more than three, Business Days' notice, that all, or any portion in an aggregate minimum amount of \$5,000,000 and an integral multiple of \$1,000,000 or the remaining balance of any Revolving Loans be, in the case of Floating Rate Revolving Loans converted into Eurodollar Revolving Loans or, in the

case of Eurodollar Revolving Loans converted into Floating Rate Revolving Loans or continued as Eurodollar Revolving Loans (in the absence of delivery of a Continuation/Conversion Notice with respect to any Eurodollar Revolving Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such Eurodollar Revolving Loan shall, on such last day, automatically convert to a Floating Rate Revolving Loan); provided, however, that no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, a Eurodollar Advance when any Default has occurred and is continuing.

3.7. Telephonic Notices. The Company hereby authorizes the U.S. Lenders and the Global Administrative Agent to extend Advances, effect Rate Option selections and submit Competitive Bid Quotes based on telephonic notices made by any Person or Persons the Global Administrative Agent or any U.S. Lender in good faith believes to be acting on behalf of the Company. The Company agrees to deliver promptly to the Global Administrative Agent a written confirmation of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Global Administrative Agent and the U.S. Lenders, the records of the Global Administrative Agent and the U.S. Lenders shall govern absent manifest error.

3.8. Rate after Maturity. Except as provided in the next sentence, any Advance not paid at maturity, whether by acceleration or otherwise, shall bear interest until paid in full at a rate per annum equal to the Alternate Base Rate plus 2%. In the case of a Eurodollar Advance the maturity of which is accelerated, such Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period, at the higher of (i) the rate (including the Eurodollar Spread or the Competitive Bid Margin, as applicable) otherwise applicable to such Interest Period plus 2% per annum or (ii) the Alternate Base Rate plus 2% per annum.

3.9. Interest Payment Dates; Determination of Interest and Fees.

(a) Interest Payment Dates.

(i) Interest accrued and unpaid on each Floating Rate Revolving Advance shall be payable on each Payment Date and on any date on which such Floating Rate Revolving Advance is paid or prepaid, whether due to acceleration or otherwise. Interest accrued on each Eurodollar Revolving Advance shall be payable on the last day of its applicable Interest Period and on any date on which such Eurodollar Revolving Advance is prepaid, whether due to acceleration or otherwise. Interest accrued on each Eurodollar Revolving Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period.

(ii) Interest on the outstanding principal amount of Competitive Bid Loans shall be payable on the Stated Maturity Date for each such Competitive Bid Loan; provided, however, that in the case of a Eurodollar Bid Rate Advance having an Interest Period longer than three (3) months, interest accrued on such Eurodollar Bid Rate Advance shall also be payable on the last day of each three-month interval during such Interest Period.

Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of, or interest on, an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day (except as provided in the definition of Interest Period) and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

(b) Determination of Interest and Fees. Interest on any Advance or portion thereof bearing interest at the Alternate Base Rate or the Floating Bid Rate and facility fees shall be calculated for actual days elapsed on the basis of a 365- or, if applicable, 366-day year, and all other interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Any change in the Eurodollar Spread attributable to a change in the Debt/Capitalization Ratio, if any, shall be effective on the forty-fifth (45th) day following the end of the calendar quarter in which occurred a change in Debt/Capitalization Ratio. Any change in the Eurodollar Spread attributable to a change in the Company's applicable Rating Level, if any, shall be effective on the same day as such change in the Company's applicable Rating Level.

3.10. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Global Administrative Agent will notify each U.S. Lender of the contents of each commitment reduction notice (pursuant to Section 4.5), Borrowing Notice, Continuation/Conversion Notice, Competitive Bid Quote Request and repayment notice received by it hereunder. The Global Administrative Agent will notify each U.S. Lender of the Eurodollar Rate applicable to each Eurodollar Advance promptly upon determination of such Eurodollar Rate and will give each U.S. Lender prompt notice of each change in the Alternate Base Rate. Each Reference Lender agrees to furnish timely information for the purpose of determining the Eurodollar Rate.

3.11. Non-Receipt of Funds by the Global Administrative Agent. Unless the Company or a U.S. Lender, as the case may be, notifies the Global Administrative Agent prior to the date on which it is scheduled to make payment to the Global Administrative Agent of (i) in the case of a U.S. Lender, the proceeds of a Loan or (ii) in the case of the Company, a payment of principal, interest, fees or other amounts to the Global Administrative Agent for the account of the U.S. Lenders or any Agent, that it does not intend to make such payment, the Global Administrative Agent may assume that such payment has been made. The Global Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such U.S. Lender or the Company, as the case may be, has not in fact made such payment to the Global Administrative Agent, the recipient of such payment shall, on demand by the Global Administrative Agent, repay to the Global Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Global Administrative Agent until the date the Global Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a U.S. Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Company, the interest rate applicable to the relevant Loan or, in the case of payments in respect of interest, fees or other amounts, at a rate equal to the Alternate Base Rate.

ARTICLE IV

MANDATORY PAYMENTS; REDUCTIONS OF COMMITMENTS; ETC.

4.1. Mandatory Prepayments.

(a) Mandatory Prepayments. To the extent that other payments have not been made to remedy the conditions described below, the Company shall:

- (i) if a Debt Limit Excession has occurred and is continuing, within 120 days, unless otherwise provided below, and prior to any payment (other than any scheduled payment) of any other Borrowing Base Debt make a mandatory prepayment on the Loans in an amount equal to the amount necessary to eliminate any such Debt Limit Excession together with all interest accrued on the amount of such prepayment to the date thereof;
- (ii) in the event that the issuance, assumption or creation of Borrowing Base Debt on any day which would cause a Debt Limit Excession effective as of 5:00 pm. (Central time) on such day, immediately, and in any event before 5:00 p.m. (Central time), on such day make a mandatory prepayment on the Loans in an amount equal to the lesser of (x) the amount which would be necessary to eliminate such a Debt Limit Excession or (y) the aggregate principal amount of such Borrowing Base Debt issued, assumed or created on such day; and
- (iii) upon the consummation of any Sale of any Property or any Borrowing Base Subsidiary constituting (and designated by the Company in a notice to the Global Administrative Agent as constituting) a permitted Sale under clause (iii) or (iv) of Section 11.3 which results in a Debt Limit Excession, promptly, and in any event within three (3) Business Days thereof, make a mandatory prepayment on the Loans in the amount necessary to eliminate such Debt Limit Excession.

Notwithstanding that the Company shall have the period in which to make any mandatory prepayment specified in this Section 4.1(a), (i) the Company shall not be entitled to borrow Loans during such period except as provided under Section 2.1(b) and (ii) the Company shall make all other prepayments and payments required under or in connection with this Agreement; provided, that for purposes of the foregoing provisions of this sentence the continuation of any Floating Rate Loan or any Eurodollar Loan or the conversion of an outstanding Eurodollar Loan into a Floating Rate Loan or, except if a Commercial Paper Backup Exclusion Event has occurred and is continuing, the borrowing of a Loan which is used exclusively to repay Commercial Paper Obligations during such period shall not be deemed to be the borrowing of a Loan; provided, however, that in the case of a continuation of a Eurodollar Loan during a continuing Debt Limit Excession, such continuation shall only be permitted for a period ending on or prior to the date provided in this Section by which the Company is required to make a mandatory prepayment because of a Debt Limit Excession.

(b) Application of Mandatory Prepayments. Each mandatory prepayment made under this Section 4.1 shall be applied (i) first, ratably among the U.S. Lenders with respect to any principal and interest due in connection with Revolving Loans, (ii) second, after all amounts described in clause (i) have been satisfied, ratably among those U.S. Lenders for whom any payment of principal and interest is due in connection with any Competitive Bid Loans and (iii) third, after all amounts described in clauses (i) and (ii) have been satisfied, ratably to any other Obligations then due.

4.2. Voluntary Prepayments. The Company may from time to time, at its option, prepay outstanding Advances, upon three (3) Business Days' prior notice to the Global Administrative Agent in the case of a Eurodollar Advance, or upon one (1) Business Day's prior notice to the Global Administrative Agent in the case of a Floating Rate Advance; provided that each such prepayment shall be in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof without penalty or premium, except that if such prepayment of a Eurodollar Loan occurs prior to a last day of any applicable Interest Period, the Company shall also pay the amount specified in Section 6.3 at the time of such prepayment. Such prepayments shall be applied, at the Company's option, against outstanding Revolving Loans and Competitive Bid Loans and against installments or amounts due on account thereof in such order of application as the Company shall direct; provided, that if the Company fails to direct an order of application at or prior to the time of such notice of prepayment, then such prepayments shall be applied (i) first, ratably among the U.S. Lenders with respect to any principal and interest due in connection with Revolving Loans, (ii) second, after all amounts described in clause (i) have been satisfied, ratably among those U.S. Lenders for whom any payment of principal and interest is due in connection with any Competitive Bid Loans and (iii) third, after all amounts described in clauses (i) and (ii) have been satisfied, ratably to any other Obligations then due; provided, further, that if, at the time of any such prepayment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such prepayment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default.

4.3. Method of Payment. All payments of principal, interest, and fees hereunder shall be made by noon (Chicago time) on the date when due in immediately available funds to the Global Administrative Agent at the Global Administrative Agent's address specified pursuant to Article XVIII, or at any other single Lending Installation of the Global Administrative Agent specified not less than five (5) days prior to the date when due in writing by the Global Administrative Agent to the Company and shall be applied (i) first, ratably among the U.S. Lenders with respect to any principal and interest due in connection with Revolving Loans, (ii) second, after all amounts described in clause (i) have been satisfied, ratably among those U.S. Lenders for whom any payment of principal and interest is due in connection with any Competitive Bid Loans and (iii) third, after all amounts described in clauses (i) and (ii) have been satisfied, ratably to any other Obligations then due; provided, however, that, if, at the time of any such payment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such payment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default. As between the Company and any U.S. Lender, the timely receipt of any payment by the Global Administrative Agent from the Company for the account of such U.S. Lender shall constitute receipt by such U.S. Lender. Each payment delivered to the Global Administrative Agent for the account of any U.S. Lender shall be delivered promptly by the Global Administrative Agent to such U.S. Lender in the same type of funds which the

Global Administrative Agent received at its address specified pursuant to Article XVIII or at any Lending Installation specified in a notice received by the Global Administrative Agent from such U.S. Lender. Each of the Company and the Global Administrative Agent shall be deemed to have complied with this Section 4.4 with respect to any payment if it shall have initiated a wire transfer to the appropriate recipient thereof and furnished such recipient with the identifying number of such wire transfer.

4.4. Notes. Each U.S. Lender is hereby authorized to record the principal amount of each of its Loans and each repayment thereof, on the schedule attached to each of its Notes, provided, however, that the failure to so record shall not affect the Company's obligations under any such Note.

4.5. Voluntary Reductions of Commitments. The Company may permanently reduce the Aggregate Commitment in whole, or in part, ratably among the U.S. Lenders, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof; provided, however, that the amount of the Aggregate Commitment may not be reduced to an amount which would cause it to be less than the outstanding principal amount of the Loans; and provided, further, that, during the existence of either the Australian Credit Agreement or the Canadian Credit Agreement, the amount of the Aggregate Commitment may not be reduced to an amount less than \$500,000,000. All accrued facility fees shall be payable on the effective date of any such reduction or termination of the Aggregate Commitment.

4.6. Voluntary and Mandatory Prepayments. Any prepayments of principal of the Loans, whether voluntary or mandatory, shall include accrued interest to, but not including, the date of the prepayment on the principal amount being prepaid.

ARTICLE V

[Intentionally Omitted.]

ARTICLE VI

CHANGE IN CIRCUMSTANCES; TAXES

6.1. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any reasonable interpretation thereof, or compliance of any U.S. Lender with such,

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

(b) imposes any other condition the result of which is to increase the cost to any U.S. Lender or any applicable Lending Installation of making, funding or maintaining Loans or reduces any amount receivable by any U.S. Lender or any applicable Lending Installation in connection with Loans, or requires any U.S. Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans held or interest received, by an amount reasonably deemed material by such U.S. Lender,

then, within 15 days of demand by such U.S. Lender, the Company shall pay such U.S. Lender that portion of such increased expense incurred or reduction in an amount received which such U.S. Lender reasonably determines is attributable to making, funding and maintaining its Loans and its Commitment.

6.2. Availability of Rate Options. If any U.S. Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, (i) the Global Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to such U.S. Lender until such time as such situation is no longer the case, (ii) any Eurodollar Loans from such U.S. Lender then outstanding shall bear interest at the Alternate Base Rate for the remainder of the Interest Period applicable to such Loan and (iii) until such time as such situation is no longer the case, any Eurodollar Advance made thereafter shall consist of a Floating Rate Loan made by such U.S. Lender(s) and Eurodollar Loans made by each other U.S. Lender. If the Required Lenders reasonably determine that deposits of a type or maturity appropriate to match fund Eurodollar Advances are not available, the Global Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made after the date of any such determination until such time as such situation is no longer the case. If the Required Lenders determine that the Eurodollar Rate does not accurately reflect the cost of making a Eurodollar Advance at such Eurodollar Rate, then, if for any reason whatsoever the provisions of Section 6.1 are inapplicable, the Global Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made on or after the date of any such determination until such time as such situation is no longer the case and shall require any outstanding Eurodollar Advances to be repaid.

6.3. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment, conversion or otherwise (except pursuant to Section 6.2), or a Eurodollar Advance is not made on the date specified by the Company for any reason other than default by the U.S. Lenders, the Company will indemnify each U.S. Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance (net of any cost or expense, unless Section 6.1, 6.5 or 6.6 is applicable thereto, which the U.S. Lender would have incurred with respect to such Eurodollar Advance had such prepayment or failure to fund not occurred).

6.4. Lending Installations. Each U.S. Lender may book its Loans at any Lending Installation selected by such U.S. Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each U.S. Lender for the benefit of such Lending Installation. Each U.S. Lender may, by written or telex or facsimile notice to the Global Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made. To the extent reasonably possible, each U.S. Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Company to such U.S. Lender under Sections 6.1, 6.5 and 6.6 or to avoid the unavailability of a Rate Option under Section 6.2, so long as such designation is not disadvantageous to such U.S. Lender in the sole opinion of such U.S. Lender.

6.5. 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 U.S. Lender or any Person controlling such U.S. Lender, and such U.S. Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Loans made by such U.S. Lender is reduced to a level below that which such U.S. Lender, or such controlling Person, as the case may be, could have achieved but for the occurrence of any such circumstance (taking into account such Person's policies as to capital adequacy), then, in any such case upon notice from time to time by such U.S. Lender to the Company, the Company shall immediately pay directly to such U.S. Lender additional amounts sufficient to compensate such U.S. Lender or such controlling Person for such reduction in rate of return. A statement of such U.S. Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Company. In determining such amount, such U.S. Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

6.6. Taxes. All payments by the Company or any Guarantor of principal of, and interest on, the Loans and all other amounts payable hereunder and in connection herewith 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 Agent's or any U.S. Lender's, as applicable, 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 Company or any Guarantor hereunder or under any U.S. Loan Document is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Company will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Global Administrative Agent an official receipt or other documentation satisfactory to the Global Administrative Agent or the relevant Agent or U.S. Lender evidencing such payment to such authority; and

(c) pay to the Global Administrative Agent for the account of the Agents and the U.S. Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Agent and U.S. Lender will equal the full amount such Agent or U.S. Lender would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Agent or any U.S. Lender, with respect to any payment received by it hereunder or in connection herewith, the relevant Agent or U.S. Lender may pay such Taxes and the Company 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 equal the amount such Person would have received had not such Taxes been asserted.

If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Global Administrative Agent, for the account of the respective Agents and U.S. Lenders, the required receipts or other required documentary evidence, the Company shall indemnify the Agents and the U.S. Lenders for any incremental Taxes, interest or penalties that may become payable by any Agent or U.S. Lender as a result of any such failure. For purposes of this Section 6.6, a distribution hereunder by the Global Administrative Agent or any other Agent or any U.S. Lender to or for the account of any Agent or U.S. Lender shall be deemed a payment by the Company.

Notwithstanding the foregoing, if any Agent or any U.S. Lender not incorporated or organized under the laws of the United States of America, or a state thereof, fails to timely deliver the forms required to be delivered pursuant to Section 6.8 in a situation in which timely delivery of such forms would eliminate some or all requirements for withholding of United States federal income taxes by the Company or any Guarantor in connection with payments under this Agreement or the other U.S. Loan Documents, then the Company shall not be required to pay or reimburse to the U.S. Lender or Agent any amount in respect of such Taxes withheld that would not have been required to be withheld if such U.S. Lender or Agent had timely delivered such forms.

6.7. U.S. Lender Statements; Survival of Indemnity; Substitution of U.S. Lenders; Limitation on Claims by U.S. Lenders. Each Agent and U.S. Lender shall deliver to the Company and the Global Administrative Agent a written statement of such Agent or U.S. Lender, as the case may be, as to the amount due, if any, under Sections 6.1, 6.3, 6.5 or 6.6. Such written statement shall set forth in reasonable detail the calculations upon which such Agent or U.S. Lender, as the case may be, determined such amount and shall be final, conclusive and binding on the Company in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each U.S. Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable on demand after receipt by the Company of the written statement. The obligations of the Company under Sections 6.1, 6.3, 6.5 and 6.6 shall survive payment of the Obligations and termination of this Agreement. In the event that any U.S. Lender shall deliver to the Company and the Global Administrative Agent a written statement as to an amount due under Section 6.1, 6.3, 6.5 or 6.6, the Company may, at its sole expense and

effort, require such U.S. Lender to transfer and assign (in accordance with Section 17.3), without recourse, all of its interests, rights and obligations under this Agreement to an assignee which shall assume such assigned obligations (which assignee may be another U.S. Lender, if a U.S. Lender accepts such assignment); provided that (i) such assignment shall not conflict with any law, rule or regulation or order of any court or other governmental authority, (ii) the Company shall have received a written consent of the Global Administrative Agent and the Arrangers in the case of an entity that is not a U.S. Lender, which consent shall not be unreasonably withheld, (iii) the Company or such assignee shall have paid to the assigning U.S. Lender in immediately available funds the principal of and interest accrued to the date of such payment on the Loans made by it hereunder and all other amounts owed to it hereunder and the fee payable to the Global Administrative Agent pursuant to Section 17.3(b) and (iv) that nothing in the foregoing is intended or shall be construed as obligating any U.S. Lender to locate such an assignee. The Company shall not be required to pay to any U.S. Lender any amount under Section 6.1, 6.3, 6.5, or 6.6 in respect of any time or period more than twelve months prior to the time such U.S. Lender notifies or bills the Company of or for such amount.

6.8. Withholding Tax Exemption. At least five (5) Business Days prior to the first date on which interest or fees are payable hereunder (but in no event prior to the Global Effective Date) for the account of any U.S. Lender or any Agent, each U.S. Lender or Agent that is not incorporated or organized under the laws of the United States of America, or a state thereof, agrees that it will deliver to each of the Company and the Global Administrative Agent two (2) duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such U.S. Lender or Agent, as the case may be, is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each U.S. Lender or Agent which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Company and the Global Administrative Agent two (2) additional copies of such form (or a successor form) on or before the date that such form expires (currently, three (3) successive calendar years for Form 1001 and one (1) calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Company or the Global Administrative Agent, in each case certifying that such U.S. Lender or Agent, as the case may be, is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such U.S. Lender or Agent from duly completing and delivering any such form with respect to it and such U.S. Lender or Agent, as the case may be, advises the Company and the Global Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

6.9. Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. The Company or any Guarantor shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of the Company or any Guarantor or otherwise howsoever), such payment shall constitute a discharge of the liability of the Company or such Guarantor hereunder and under the other U.S. Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant U.S. Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the Business Day next preceding the day on which judgment is given and in any event the Company or a Guarantor shall be obligated to pay the Agents and the U.S. Lenders any deficiency in accordance with Section 6.9(a). For the foregoing purposes "rate of exchange" means the rate at which the relevant U.S. Lender or

Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any U.S. Lender or the Agent receives any payment or payments on account of the liability of the Company or any Guarantor hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant U.S. Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then the Company or the Guarantor on demand shall, and the Company or the Guarantor hereby agree to, indemnify and save the U.S. Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 6.9(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the U.S. Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

ARTICLE VII

CONDITIONS PRECEDENT

7.1. Conditions of Effectiveness. The effectiveness of this Agreement and the obligation of each U.S. Lender to make Loans hereunder, are subject to the conditions precedent that the following documents have been furnished to the Global Administrative Agent, each in form and substance satisfactory to each of the Global Administrative Agent and the Arrangers, and each (except for the Notes, of which only one original of each type shall be signed for each U.S. Lender) in sufficient number of duly executed signed counterparts (or photocopies thereof) to provide one for the Global Administrative Agent, the Arrangers and each U.S. Lender:

(i) Copies of the Articles of Incorporation of each of the Company and MW Petroleum, together with all amendments, and certificates of good standing, all of the foregoing certified by the appropriate governmental officer in their respective jurisdiction of incorporation and, in the case of certificates of good standing, in each jurisdiction in which its business is conducted.

(ii) Copies, certified by the Secretary or Assistant Secretary of each of the Company and MW Petroleum, of their respective by-laws and of their respective Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Global Administrative Agent) authorizing the execution, delivery and performance of the U.S. Loan Documents.

(iii) Incumbency certificates, executed by the Secretary or Assistant Secretary of each of the Company and MW Petroleum, which shall identify by name and title and bear the signature of the officers of the Company and MW Petroleum, respectively, authorized to sign the U.S. Loan Documents and, in the case of the Company, to make borrowings hereunder, upon which certificate the Agents and the U.S. Lenders shall be entitled to rely until informed of any change in writing by the Company or MW Petroleum, respectively.

(iv) Written opinions of the Company's and MW Petroleum's counsel acceptable to each of the Agents and the Arrangers, addressed to the Agents and the U.S. Lenders, in substantially the form of Exhibit B hereto, with such modifications, additions, alterations, exceptions, assumptions and provisions as shall be acceptable to each of the Arrangers.

(v) The Notes payable to the order of each of the U.S. Lenders.

(vi) A certificate of an Authorized Officer of the Company, satisfactory to each of the Agents and the Arrangers, regarding insurance maintained by the Company.

(vii) The Acknowledgment to Guaranty of MW Petroleum.

(viii) The opinion of Mayer, Brown & Platt, special counsel to the Global Administrative Agent and the Arrangers, addressed to the Agents and the Canadian Lenders, substantially in the form of Exhibit G hereto.

(ix) The Global Effectiveness Notice.

(x) A certificate, signed by an Authorized Officer of the Company, stating that on the Global Effective Date no Default or Unmatured Default has occurred and is continuing and no Downgrade Condition has occurred and is continuing.

(xi) Copies of the executed Australian Credit Agreement and the other Australian Loan Documents, the executed Canadian Credit Agreement and the other Canadian Loan Documents, the executed Intercreditor Agreement and executed Indemnity Agreements.

(xii) Such other instruments and documents as any of the Arrangers or the Agents or their counsel may have reasonably requested.

The effectiveness of this Agreement and the obligation of each U.S. Lender to make Loans hereunder, are further conditioned upon satisfaction of the following on or prior to the Global Effective Date:

(a) the Agents shall have received the fees to be received as set forth in Section 2.4(b).

(b) Upon the effectiveness of this Agreement, all then outstanding 1995 Loans shall be renewed, restated, extended and converted into (but shall not be deemed to be repaid) Revolving Loans under this Agreement; provided, however, that from and including the Global Effective Date, the Eurodollar Spread applicable with respect to such renewed, restated, extended and converted 1995 Loans shall be determined pursuant to this Agreement, and provided further that in no event shall the converted commitments of a Lender under the March 1995 Agreement exceed such Lender's Commitment hereunder or shall converted outstanding 1995 Loans exceed the Aggregate Commitment of the Lenders under this Agreement. The U.S. Lenders and the Agents hereby consent to such repayments, renewals, restatements, extensions and conversions.

7.2. Each Advance. The U.S. Lenders shall not be required to make any Advance unless on the applicable Borrowing Date:

(a) There exists no Default or Unmatured Default.

(b) There exists no Debt Limit Excession and the Company represents and warrants to the Global Administrative Agent that, immediately before and after such Advance, there exists no Debt Limit Excession other than a Debt Limit Excession permitted pursuant to the first proviso to Section 2.1(b).

(c) The representations and warranties contained in Article VIII, including in Sections 8.3 and 8.7, or contained in any other U.S. Loan Document are true and correct as of such Borrowing Date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement.

(d) All legal requirements arising under or in connection with the U.S. Loan Documents or applicable laws, rules or regulations and incident to the making of such Advance shall be satisfactory to the Agents and the Arrangers and their respective counsel.

(e) No event, occurrence, action, inaction or other item shall have occurred which results in a Material Adverse Effect.

provided, however, notwithstanding the foregoing, except if a Commercial Paper Backup Exclusion Event has occurred and is continuing, the Lenders shall be required to make any Advance used exclusively to repay Commercial Paper Obligations.

Each Borrowing Notice, Competitive Bid Borrowing Notice and Continuation/Conversion Notice with respect to each Advance shall constitute a representation and warranty by the Company that the conditions contained in Sections 7.2(a), (b), (c) and (d) have been satisfied and, that after giving effect to such Advance and the assignment or application of the proceeds thereof, the sum of the aggregate outstanding principal amount of all Borrowing Base Debt will not exceed the Global Borrowing Base except as permitted in Section 2.1(b).

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the U.S. Lenders and the Agents that:

8.1. Corporate Existence and Standing. The Company is a corporation, and each Subsidiary is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted.

8.2. Authorization and Validity. The Company and each Subsidiary has the corporate or partnership power and authority and legal right to execute and deliver the U.S. Loan Documents and to perform its respective obligations thereunder. The execution and delivery by the Company and each Subsidiary of the U.S. Loan Documents to which it is a party and the performance of the Company's and such Subsidiary's obligations thereunder have been duly authorized by proper corporate or partnership proceedings, and the U.S. Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of the Company and each Subsidiary party thereto, in each case enforceable against the Company and such Subsidiary in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

8.3. No Conflict; Government Consent. Neither the execution and delivery by the Company and each Subsidiary of the U.S. Loan Documents nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any Subsidiary or the Company's or any Subsidiary's articles of incorporation or by-laws or partnership agreement or the provisions of any indenture, instrument or agreement to which the Company or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on all or any part of the property of the Company or any Subsidiary. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the U.S. Loan Documents.

8.4. Financial Statements. The consolidated financial statements of the Company dated December 31, 1995 heretofore delivered to the U.S. Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition of the Company and the Subsidiaries at such date and the consolidated results of their operations for the period then ended.

8.5. Material Adverse Change. Since December 31, 1995, there has been no change in the business, assets, properties, operations, condition (financial or otherwise) or results of operations or prospects of the Company and its Subsidiaries or MW Petroleum and its Subsidiaries or any legal or regulatory development which results in a Material Adverse Effect.

8.6. Taxes. The Company and the Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The United States income tax returns of the Company and the Subsidiaries (other than MW Petroleum and MWJR) have been audited by the Internal Revenue Service or, if no audit was performed, the statute of limitations permitting such an audit has run, through the fiscal year ended December 31, 1990. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any taxes or other governmental charges are adequate.

8.7. Litigation and Guaranteed Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Company or any Subsidiary which results in a Material Adverse Effect. The Company and its Subsidiaries have no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 8.4.

8.8. Subsidiaries. Schedule 8.8 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Borrowing Base Subsidiaries, of the Company as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock or, the revenue share attributable to the general and limited partnership interests, as the case may be, owned by the Company or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

8.9. ERISA. The Unfunded Liabilities of all Plans do not in the aggregate exceed \$10,000,000. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has occurred with respect to any Plan, neither the Company nor any other members of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to terminate any Plan.

8.10. Accuracy of Information. No information, exhibit or report furnished by the Company or any Subsidiary to any Agent or to any U.S. Lender in connection with the negotiation of, or compliance with, the U.S. Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

8.11. Regulation-U. Margin stock (as defined in Regulation U) constitutes less than 25% of those assets of the Company and the Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

8.12. Material Agreements. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default would result in a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness which default would result in a Material Adverse Effect.

8.13. Compliance With Laws. The Company and the Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective Properties. Neither the Company nor any of the Subsidiaries has received any notice to the effect that it, its operations or the Properties are not in material compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations, or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance

into the environment, whether from the Properties or elsewhere, which in any case would result in a Material Adverse Effect.

8.14. Title to Properties. Each of the Company and the Subsidiaries has defensible title to substantially all of its properties and assets, whether legal or beneficial, free and clear of any and all Liens other than those Liens permitted by Section 11.5. The 1996 Engineers' Report refers to and covers all of the reserves in the Properties as of the Global Effective Date and such Report covers no reserves other than in such Properties.

8.15. Investment Company Act. 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.

8.16. Public Utility Holding Company Act. Neither the Company nor any Subsidiary is 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.

8.17. Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Company and its Subsidiaries to its employees and former employees, as estimated by the Company in accordance with procedures and assumptions deemed reasonable by the Agents, does not exceed \$10,000,000.

8.18. Solvency. As of the Global Effective Date, (i) the Company is Solvent, (ii) the Consolidated Subsidiaries of the Company on a consolidated basis are Solvent, (iii) the consolidated Borrowing Base Subsidiaries of the Company on a consolidated basis are Solvent, and (iv) each Guarantor and its Consolidated Subsidiaries on a consolidated basis are Solvent.

8.19. Environmental Warranties. In the ordinary course of its business, the Company conducts an ongoing review of the effect of Environmental Laws on the business, operations and Properties of the Company and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up or closure of Properties presently owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Company has reasonably concluded that, except as disclosed in writing by the Company to the U.S. 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 Company or any Subsidiary have been, and continue to be, owned, leased or operated by the Company or any Subsidiary in material compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or inquiries to, or requests for information received by, the Company or any Subsidiary with respect to any alleged violation of any Environmental Law that, singly or in the aggregate, result in a Material Adverse Effect, or

(ii) claims, complaints, notices or inquiries to, or requests for information received by, the Company 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 Company or any Subsidiary that, singly or in the aggregate, result in 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(d) the Company 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 or desirable for their businesses except where failure to comply would not have a Material Adverse Effect;

(e) no property now or previously owned, leased or operated by the Company or any Subsidiary is listed or proposed for listing on the National Priorities List pursuant to CERCLA, or, to the extent that such listing, singly or in the aggregate, results in 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(g) none of the Company 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, singly or in the aggregate, results in 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 Company 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 Company or any Subsidiary that, singly or in the aggregate, results in a Material Adverse Effect; and

(i) no condition exists at, on or under any property now or previously owned or leased by the Company 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, results in a Material Adverse Effect.

ARTICLE IX

AFFIRMATIVE COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

9.1. Financial Reporting. The Company will maintain a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Global Administrative Agent and the U.S. Lenders:

(a) As soon as available and in any event within 90 days after the close of each of its fiscal years, an unqualified audit report certified by independent certified public accountants, acceptable to the Required Lenders, prepared in accordance with generally accepted accounting principles on a consolidated basis for itself and its Consolidated Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by a certificate of said accountants to the effect that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default, Unmatured Default or Debt Limit Excession, or if, in the

opinion of such accountants, any Default, Unmatured Default or Debt Limit Excession shall exist, stating the nature and status thereof.

(b) As soon as available and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for itself and its Consolidated Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter.

(c) Together with the financial statements required under clauses (a) and (b), a compliance certificate, in substantially the form of Exhibit C hereto, signed by an Authorized Officer and addressing the matters set forth therein.

(d) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event not later than March 15 of the next succeeding calendar year, an Approved Engineers' Report prepared as of December 31 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(e) Promptly after June 30 of each calendar year and in any event not later than September 15 of such calendar year, a Company's Engineers' Report prepared as of June 30 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(f) Within 45 days in the case of a Company's Engineers' Report and 60 days in the case of an Approved Engineers' Report, of any request by the Required Lenders in connection with any (other than the scheduled semi-annual redeterminations of the Global Borrowing Base) determination of the Global Borrowing Base pursuant to Section 2.3(a), an Approved Engineers' Report or a Company's Engineers' Report, as the case may be, prepared as of the date of such request, in form and substance satisfactory to the Required Lenders.

(g) Promptly upon the furnishing thereof to the shareholders of the Company copies of all financial statements, reports and proxy statements so furnished.

(h) Promptly upon the filing thereof, copies of all publicly available registration statements and annual, quarterly, monthly or other regular reports which the Company or any Subsidiary files with the Securities and Exchange Commission.

(i) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event no later than March 15 of the next succeeding calendar year, a budget (including specific capital expenditures information) through the Termination Date for the Company and its Subsidiaries certified by an Authorized Officer of the Company and in a format consistent with the Projections and otherwise in form and substance satisfactory to the Global Administrative Agent and the Arrangers.

(j) At the request of the Global Administrative Agent, either Arranger, or the Required Lenders promptly after June 30 of each calendar year, commencing June 30, 1997, and in any event no later than September 15 of such calendar year, an update of the budget described in clause (i) of this Section 9.1 in form and substance satisfactory to the Global Administrative Agent and signed by an Authorized Officer of the Company.

(k) Promptly and in any event within 40 days after the close of each calendar quarter during each year, a certificate of an Authorized Officer certifying to the Global Administrative Agent and the U.S. Lenders the Debt/Capitalization Ratio and the calculation thereof as of the last day of the immediately preceding calendar quarter.

(l) Such other information (including engineering, financial and non-financial information) as the Global Administrative Agent, either Arranger or any U.S. Lender may from time to time reasonably request.

9.2. Use of Proceeds. The Company will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of the Company and the Subsidiaries or (ii) for the Company's and the Subsidiaries' general corporate purposes.

9.3. Notice of Default, Unmatured Default, Litigation and Material Adverse Effect. The Company will give prompt notice in writing to the Global Administrative Agent, the U.S. Lenders and to all Guarantors of (i) the occurrence of any Default or Unmatured Default and the steps, if any, being taken to cure it, (ii) the occurrence of any Debt Limit Excession and the steps, if any, being taken to cure it, (iii) the occurrence of any adverse development with respect to any labor controversy, litigation, action or proceeding described in Section 8.7, or the commencement of any labor, controversy, litigation, action or proceeding of the type described in Section 8.7 together with copies of all material pleadings relating thereto, and (iv) the occurrence of any other development, financial or otherwise, which results in a Material Adverse Effect or might materially adversely affect the ability of the Company to repay the Obligations.

9.4. Conduct of Business. The Company will, and will cause its Subsidiaries to, carry on and conduct its respective business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and, except to the extent permitted by Section 11.2 or Section 11.3, will, and will cause each Subsidiary to, do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a corporation or partnership, as the case may be, in its jurisdiction of incorporation or organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

9.5. Taxes. The Company will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or property, and all lawful claims which, if unpaid, might become a Lien upon any properties of the Company or any Subsidiary, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves in accordance with generally accepted accounting principles have been set aside on its books.

9.6. Insurance. The Company and its Subsidiaries will maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and business against such liabilities, casualties, risks and contingencies and in such types and amounts as customary in the case of corporations engaged in the same or similar businesses and similarly situated. Upon the request of the Global Administrative Agent, the Company will furnish or cause to be furnished to the Global Administrative Agent from time to time a summary of the insurance coverage of the Company and its Subsidiaries in form and substance satisfactory to the Required Lenders in their reasonable judgment, and, if requested, will furnish the Global Administrative Agent copies of the applicable policies. In the case of any fire, accident or other casualty causing loss or damage to any property of the Company or any of its Subsidiaries, the proceeds of such policies will be used (i) to repair or replace the damaged property or (ii) to prepay the Obligations, at the election of the Company.

9.7. Compliance with Laws. The Company will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

9.8. Maintenance of Properties. The Company will and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

9.9. Inspection. The Company will, and will cause each Subsidiary to, permit the U.S. Lenders, by their respective representatives and agents, to inspect any of the properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the U.S. Lenders may designate. Any information received by the U.S. Lenders as a result of the foregoing shall be included in information subject to the confidentiality provisions set forth in Exhibit J hereto.

9.10. Operation of Properties. The Company will, and will cause each Subsidiary to, preserve, operate and maintain, or cause to be preserved, operated and maintained, the Properties in a good and workmanlike manner continuously to their economic limit as a prudent operator in accordance with good oil and gas industry standards.

9.11. Delivery of Guaranties. At the request of the Global Administrative Agent, the Company shall at its own expense from time to time cause (i) each of its Borrowing Base Subsidiaries organized under the laws of the United States and (ii) after the occurrence of any Material Adverse Effect or Downgrade Condition, each of its Subsidiaries organized under the laws of the United States, to deliver to the Global Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit L, together with such related documents and opinions as the Global Administrative Agent may request; provided, however, that no such Non-Borrowing Base Subsidiary shall be required to deliver such a Guaranty if such Non-Borrowing Base Subsidiary is prohibited from delivering such Guaranty pursuant to a contractual obligation, acceptable to the Global Administrative Agent, in its reasonable discretion, arising with a Person other than a Subsidiary or an Affiliate of the Company existing as of the date of such request by the Global Administrative Agent.

9.12. Environmental Covenant. The Company will, and will cause each Subsidiary to,

(a) use, operate and maintain all of its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws;

(b) (i) promptly notify the Global Administrative Agent and provide copies upon receipt of all material written claims, complaints, notices, liens or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, (ii) within ninety (90) days have dismissed with prejudice any actions or proceedings relating to compliance with Environmental Laws which could reasonably be expected to result in liability to the Company and its Subsidiaries in excess of ten percent (10%) of the Company's Consolidated Tangible Net Worth; and (iii) diligently pursue cure of any material underlying environmental problem which forms the basis of any such claim, complaint, notice, lien, inquiry, proceeding or action; and

(c) provide such information and certifications which either of the Arrangers may reasonably request from time to time to evidence compliance with this 9.12.

9.13. Further Assurances. The Company will cure and will cause its respective Subsidiaries to cure promptly any defects in the creation and issuance of any Obligations and the execution and delivery of any Guaranty. The Company and each Subsidiary will at its expense promptly execute and deliver to the Global Administrative Agent upon request all such other and further reasonable documents, agreements and instruments in compliance with, or accomplishment of, the covenants and agreements of the Company and such Subsidiary in any U.S. Loan Document.

ARTICLE X

FINANCIAL COVENANTS

10.1. Consolidated Tangible Net Worth. The Company will maintain Consolidated Tangible Net Worth of not less than the sum of (i) \$825,000,000, plus (ii) the product of 0.50 times the sum of Consolidated Net Income for each calendar quarter beginning with the calendar quarter ending June 30, 1996 during which Consolidated Net Income is greater than \$0, plus (iii) the product of 0.50 times the proceeds of the sale by the Company and its Subsidiaries of securities (other than securities constituting Indebtedness) net of reasonable incidental, brokerage and legal costs actually paid to third parties (which proceeds, in the event of a pooling of interest transaction, shall be deemed to be one-half of the net addition to the Company's consolidated balance sheet).

10.2. Ratio of EBITDDA to Consolidated Interest. The Company shall not permit the ratio of (i) EBITDDA to (ii) Consolidated Interest Expense for any four consecutive calendar quarters ending on the last day of any calendar quarter to be less than 3.70 to 1.0.

ARTICLE XI

NEGATIVE COVENANTS

11.1. Indebtedness. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) Borrowing Base Debt;

(b) Excluded Principal Debt;

(c) The Guaranteed Obligations permitted under Section 11.4 (whether or not then payable), and intercompany Indebtedness pursuant to Investments by the Company permitted by Sections 11.10(d), (e), (f) and (g);

(d) Indebtedness existing on the date hereof and described in Schedule 11.1 hereto;

(e) Indebtedness of the type referred to in clause (vi) of the definition of Indebtedness;

(f) Indebtedness of the type referred to in clause (vii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$50,000,000; provided such Indebtedness is otherwise permitted pursuant to Section 11.11;

(g) Indebtedness of the type referred to in clause (viii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$50,000,000;

(h) Other Indebtedness of Apache Egypt, Phoenix Egypt or their successors to IFC in a maximum aggregate principal amount of \$75,000,000, together with interest, fees and expenses related thereto;

(i) Indebtedness of the type referred to in clause (v) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$5,000,000; and

(j) Additional Indebtedness of the Company not included in the foregoing clauses (a) through (i) in an aggregate principal amount not exceeding \$5,000,000.

11.2. Merger. The Company will not, nor will it permit any Borrowing Base Subsidiary to, merge or consolidate with or into any other Person or Persons unless:

(i) the Company or such Borrowing Base Subsidiary, as the case may be, is the surviving entity of such merger (and if a merger between the Company and any Borrowing Base Subsidiary, the Company is the surviving entity) and no Change of Control occurs, or, with respect to any merger or consolidation in which any Person other than the Company or any Borrowing Base Subsidiary is the surviving entity, such Person becomes, as a result of such merger or consolidation, a Borrowing Base Subsidiary of which the Company owns, directly or indirectly, 100% of the outstanding capital stock, free and clear of all Liens, other than Liens permitted by Section 11.5 and, with respect to any merger or consolidation involving MW Petroleum or any other Guarantor, such Person shall at its own expense deliver to the Global Administrative Agent a duly executed

Guaranty, substantially in the form of Exhibit L, together with such related documents and opinions as the Global Administrative Agent may request; and

(ii) after giving effect to such merger or consolidation, no Default or Unmatured Default shall occur and be continuing.

11.3. Sales of Properties or Borrowing Base Subsidiaries. The Company will not, nor will it permit any of its Borrowing Base Subsidiaries to, lease, sell, transfer, convey, assign, issue or otherwise dispose of any of its Properties or any Borrowing Base Subsidiary to any other Person, whether in one transaction or in a series of transactions, except if the transaction or transactions fall into one of the following categories:

(i) Sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business.

(ii) Sales of Properties (other than Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of any Borrowing Base Subsidiary which have an aggregate fair market value (or, with respect to the Sale of a Borrowing Base Subsidiary, the amount allocated to such Sale pursuant to Section 2.3(f)) not in excess of \$50,000,000 for all such Sales permitted pursuant to this clause (ii) during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3.

(iii) Sales of Properties (other than sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of Borrowing Base Subsidiaries designated pursuant to this Section 11.3(iii) by notice of the Borrower to the Global Administrative Agent which have an aggregate fair market value (or, with respect to the Sale of a Borrowing Base Subsidiary, the amount allocated to such Sale pursuant to Section 2.3(f)) not in excess of \$50,000,000 for all such Sales during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3; provided, however, that concurrently with any such Sale the Global Borrowing Base shall be reduced pursuant to Section 2.3(f), and the Company shall make any mandatory prepayment required pursuant to Section 4.1(a)(iii).

(iv) Sales of Properties (other than sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of Borrowing Base Subsidiaries which are not described in the foregoing clause (ii) or (iii) if the Required Lenders give prior written consent to such Sale in the exercise of their sole discretion; provided, however, that concurrently with any such Sale (A) the Global Borrowing Base shall be reduced pursuant to Section 2.3(f), and (B) the Company shall make a mandatory prepayment pursuant to Section 4.1(a)(iii). In the event the Company or any Subsidiary proposes to consummate a Sale of any Property or any Borrowing Base Subsidiary pursuant to this Section, the Company shall promptly notify the Global Administrative Agent, which in turn shall notify the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, of such proposed Sale, which notice shall describe such Property or Borrowing Base Subsidiary to be included in such Sale and, if known, the proposed terms of such Sale. In connection therewith the Company shall deliver to the Global Administrative Agent, which in turn shall notify the Engineering Banks, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders), the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) and the U.S. Lenders, such reports and information concerning such Property or such Borrowing Base Subsidiary (which may include in the Engineering Banks' sole discretion an Approved Engineers' Report or a Company's Engineers' Report as of such date) and such Sale as each of the Engineering Banks shall deem appropriate in its sole discretion. Promptly following receipt of such report and information, the Engineering Banks shall make a recommendation (and the Global Administrative Agent shall notify the U.S. Lenders, the Australian Administrative Agent (for its own behalf and on behalf of the Australian Lenders) and the Canadian Administrative Agent (for its own behalf and on behalf of the Canadian Lenders) in writing of such recommendation) of whether they approve of such Sale and, if so approved, the amount of the reduction in the Global Borrowing Base as a result of such Sale pursuant to Section 2.3(f)); provided, however, that in

no event shall the Global Borrowing Base be reduced by an amount in excess of the proceeds of such Sale net of costs, charges, and taxes incidental to such Sale, as provided in Section 2.3(f) for Sales pursuant to clause (iii) of Section 11.3. Each Combined Lender shall notify the Global Administrative Agent in writing, by telex or by facsimile transmission whether it approves or disapproves (which approval or disapproval shall be made by each Combined Lender in the exercise of its sole discretion) of such recommendation and of such Sale within ten (10) Business Days of its receipt of such recommendation from the Global Administrative Agent, the Australian Administrative Agent or the Canadian Administrative Agent, respectively; provided, that any Combined Lender which does not so notify the Global Administrative Agent shall be deemed to have approved of such Sale and such reduction in the Global Borrowing Base. Upon the approval of the Combined Required Lenders, the Global Administrative Agent shall promptly notify the Company, the Australian Administrative Agent and the Canadian Administrative Agent of such approval and the amount of the reduction in the Global Borrowing Base as a result of such Sale.

(v) A transfer, conveyance or assignment to the Company or a Subsidiary of Properties as a result of a merger or consolidation permitted pursuant to Section 11.2.

provided, however, notwithstanding the foregoing, Sales by the Australian Borrowers permitted under clauses (ii) and (iii) of this Section shall not have an aggregate fair market value in excess of \$5,000,000 for all such Sales during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3.

Anything herein contained to the contrary notwithstanding, the Company will not, nor will it permit any Borrowing Base Subsidiary to, consummate any Sale otherwise permitted hereunder if it receives therefor consideration (a) other than cash, other consideration readily convertible to cash or Hydrocarbon Interests or (b) which is less than the fair market value of the relevant property or asset.

11.4. Guaranteed Obligations. The Company will not, nor will it permit any Borrowing Base Subsidiary to, make or suffer to exist any Guaranteed Obligation (including, without limitation, any Guaranteed Obligation with respect to the obligations of a Non-Borrowing Base Subsidiary) in an aggregate amount for all such Persons and Guaranteed Obligations (considering Guaranteed Obligations for all such Persons without duplication) as of any date of determination in excess of \$100,000,000, except:

(a) by endorsement of instruments for deposit or collection in the ordinary course of business;

(b) Guaranteed Obligations of the Company to the IFC existing as of the date hereof relating to Apache Egypt, Phoenix Egypt or their successors not exceeding \$75,000,000 in the aggregate principal amount, together with interest, fees and expenses related thereto;

(c) Guaranteed Obligations of the Company and any of its Subsidiaries to or in respect of Producers Energy which when aggregated with the Investments of the Company and any of its Subsidiaries permitted with respect to Producers Energy pursuant to subsection 11.10(c) do not exceed \$30,000,000 in the aggregate;

provided, however, that any obligation which is a Guaranteed Obligation of the Company or one or more of its Borrowing Base Subsidiaries for purposes of this Agreement shall not be Indebtedness of such Person for purposes hereof; and provided, further, that the term "Guaranteed Obligation" shall not include any obligation of any Person which constitutes Indebtedness of the Company or any of its Borrowing Base Subsidiaries.

11.5. Liens. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur, or suffer to exist any Lien in, of or on (i) any of the Company's and the Borrowing Base Subsidiaries' consolidated assets, revenues and properties securing an amount greater than \$10,000,000 in the aggregate for all such Liens or (ii) any of the Properties, except in either case:

(a) Liens for taxes, assessments or governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Company or the Subsidiaries, as the case may be.

(e) Liens existing on the date hereof described in Schedule 11.1 and securing the Indebtedness described in Schedule 11.1 hereto or otherwise permitted in connection with Indebtedness of the type described in Section 11.1(d) consented to by the Required Lenders in the exercise of their sole discretion.

(f) Liens arising under operating agreements in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings.

(g) Liens reserved in oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases.

(h) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom.

(i) Liens securing the Indebtedness permitted in connection with Section 11.1(i).

(j) Liens associated with the pledging of securities of Subsidiaries which are not Borrowing Base Subsidiaries.

11.6. Restricted Payments, etc. On and at all times after the Global Effective Date the Company will not and will not permit any of its Borrowing Base Subsidiaries to make any optional payment or prepayment on, or redemption of, or redeem, purchase or defease prior to its stated maturity, any Indebtedness other than Indebtedness incurred under this Agreement or the other U.S. Loan Documents during the occurrence and continuation of any Debt Limit Excession or if giving effect to such action would result in a Default or Unmatured Default; and the Company will not, and will not permit any Borrowing Base Subsidiary to, make any deposit for any of the foregoing purposes.

11.7. Transactions with Affiliates. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement is either (i) fair and equitable to the Company or such Borrowing Base Subsidiary, as the case may be, or (ii) is not of a sort which would not be entered into by a prudent Person in the position of the Company or such Borrowing Base Subsidiary with, or which is on terms which are less favorable than are obtainable from, any Person

which is not one of its Affiliates; provided, however, that this Section shall not apply to Apache Series 1996-A Trust, a Delaware business trust, Apache Offshore Investment Partnership, a Delaware general partnership, Apache Offshore Petroleum Limited Partnership, a Delaware limited partnership, Apache Petroleum Limited Partnership 1980-I, a Minnesota limited partnership, Apache Petroleum Limited Partnership 1980-II, a Minnesota limited partnership, Main Pass 151 Pipeline Company, a Texas general partnership, Tranpache Partnership, a Texas general partnership, and Apache 681/682 Joint Venture, a Texas joint venture.

11.8. Negative Pledges, etc. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, on or at any time after the Global Effective Date, any agreement (excluding this Agreement and any other Global Loan Document) directly or indirectly prohibiting the creation, assumption or perfection of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, restricting any loans, advances or other Investments to or in the Company or any of its Borrowing Base Subsidiaries, restricting the capitalization of the Company or any Borrowing Base Subsidiary, restricting the ability of any Borrowing Base Subsidiary to make dividend payments or other distributions or payments (by way of dividends, advances, repayments of loans or advances, reimbursements or otherwise) or restricting the ability of the Company or any Borrowing Base Subsidiary to amend or otherwise modify this Agreement or any other U.S. Loan Document; provided, however, that, notwithstanding the foregoing, the terms and conditions of the Global Loan Documents shall not cause Apache Canada, Apache Energy Limited or Apache Oil Australia, respectively, or any of their Subsidiaries to violate the terms and provisions of this Section.

11.9. Regulation U Acquisitions. The Company will not, nor will it permit any Borrowing Base Subsidiary to, use any of the proceeds of the Loans to purchase or carry any "margin stock" (as defined in Regulation U) or to make any Acquisition, except any of the following:

(i) Acquisitions not involving "margin stock", where such Acquisition shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or

(ii) Acquisitions involving "margin stock" where such Acquisitions shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or

(iii) Acquisitions of not more than 15% of the outstanding equity securities of any issuer, whether or not such securities are "margin stock";

provided, however, that the amount paid by the Company to consummate all Acquisitions of the type described in clause (iii) shall not exceed \$15,000,000 in the aggregate. For purposes of this Section 11.9, the merger of the Company or any Borrowing Base Subsidiary as permitted under Section 11.2 shall be deemed to be an Acquisition not involving "margin stock".

11.10. Investments. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the Global Effective Date and identified in Schedule 11.10;

(b) Cash Equivalent Investments;

(c) without duplication, Investments permitted as Indebtedness pursuant to Section 11.1 and Investments permitted as Guaranteed Obligations pursuant to Section 11.4 (including, without limitation, Investments of the Company and any of its Borrowing Base Subsidiaries in Producers Energy which when aggregated with the Guaranteed Obligations of the Company and any of its Subsidiaries permitted pursuant to subsection 11.4(c) do not exceed \$30,000,000 in the aggregate);

(d) in the ordinary course of business, Investments by the Company or any Borrowing Base Subsidiary in any Guarantor or Subsidiary;

(e) Investments in any Person in connection with (i) the acquisition, exploration, drilling or development of Hydrocarbon Interests, or (ii) costs incurred in connection with gathering, processing, transporting and marketing production from Hydrocarbon Interests;

(f) Investments resulting from a merger or consolidation permitted pursuant to Section 11.2;

(g) Other Investments in an aggregate amount not to exceed \$30,000,000 during any calendar year;

provided, however, that

(1) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and

(2) no Investment otherwise permitted by clause (d), (e), (f) or (g) shall be permitted to be made if, immediately before or after giving effect thereto, any Default would have occurred and be continuing.

11.11. Hedging Contracts. The Company will not and will not permit any of its Borrowing Base Subsidiaries to enter into or become obligated under any contract for sale for future delivery of oil or gas from the Properties, whether or not the subject oil or gas is to be delivered, hedging contract, forward contract, commodity swap agreement, futures contract or other similar agreement except for such contracts which in the aggregate do not cover at any time a volume of oil or gas, as the case may be, equal to more than 75% of the projected production of oil or gas, as the case may be, from the Properties for the term covered by such contracts.

11.12. Approval of Consents. In any instance in this Article XI where it is provided that an action may be taken by the Company or a Borrowing Base Subsidiary only with the approval or consent of the Required Lenders, the failure by a U.S. Lender to respond to a request for such approval or consent within 10 Business Days of receipt of a request for such approval or consent (or such other length of time as specified by the Global Administrative Agent in such request) shall be deemed an approval of, or consent to, such request.

ARTICLE XII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a "Default":

12.1. Breach of Warranties and Misleading Statements. Any representation or warranty made or deemed made pursuant to Article VIII, by or on behalf of the Company or any Subsidiary to the U.S. Lenders, the Global Administrative Agent, the Co-Agent, the Arrangers or the Engineering Banks under or in connection with this Agreement, any Loan, any U.S. Loan Document, or any certificate, or, information delivered in connection with this Agreement, any other U.S. Loan Document is breached or shall be false, incomplete or incorrect on the date as of which made or deemed made in any material respect.

12.2. Nonpayment of Notes, Fees and other Obligations. Nonpayment of principal of any Note when due; or nonpayment of interest upon any Note or of any facility fee or other Obligation under any of the U.S. Loan Documents within three (3) days after the same becomes due.

12.3. Breach of Certain Covenants. Except as set forth in the subsequent sentence, the breach by the Company of any of the terms or provisions of Section 9.2, 9.3, 9.13 or Article X or Article XI. The breach by the Company of any of the terms or provisions of (i) Section 11.1 pertaining to Indebtedness of the type referred to in

clause (vii) of the definition of Indebtedness or (ii) Section 11.10(b), which is not remedied within 3 days of such occurrence.

12.4. Default Under Australian Loan Documents or Canadian Loan Documents. A "Default" as defined in the Australian Loan Documents or Canadian Loan Documents occurs; provided that the occurrence of an "Unmatured Default" as defined in the Australian Loan Documents or Canadian Loan Documents shall constitute an Unmatured Default under the U.S. Loan Documents.

12.5. Non-Compliance with this Agreement. The breach by the Company (other than a breach which constitutes a Default under any other Section of this Article XII) of any of the terms, provisions or covenants of this Agreement which is not remedied within 30 days after written notice from the Global Administrative Agent or any U.S. Lender.

12.6. Cross-Defaults. Failure of the Company or any Borrowing Base Subsidiary to pay any Indebtedness in excess of \$25,000,000 in aggregate principal amount when due; or the default by the Company or any Borrowing Base Subsidiary in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Company or any Borrowing Base Subsidiary shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Company or any Borrowing Base Subsidiary shall not pay, or shall admit in writing its inability to pay, such Indebtedness generally as it becomes due.

12.7. Voluntary Dissolution and Insolvency Proceedings and Actions. The Company or any Subsidiary shall (a) have an order for relief entered with respect to it under Federal bankruptcy laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (d) institute any proceeding seeking an order for relief under Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 12.7 or (f) fail to contest in good faith any appointment or proceeding described in Section 12.8; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it shall result in a Material Adverse Effect; and, provided, further, that, if any of the foregoing shall occur with respect to Apache Egypt, it shall not constitute a Default hereunder.

12.8. Involuntary Insolvency Proceedings or Dissolution. Without the application, approval or consent of the Company or any Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for such Person or any substantial part of its property, or a proceeding described in Section 12.7(d) shall be instituted against the Company or any Subsidiary and such appointment continues undischarged or such proceeding continues undismitted or unstayed for a period of 30 consecutive days; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect; and, provided, further, that, if any of the foregoing shall occur with respect to Apache Egypt, it shall not constitute a Default hereunder.

12.9. Condemnation. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any portion of the Properties with a fair market value in excess of \$50,000,000 in the aggregate for all such Properties.

12.10. Judgments. The Company or any Subsidiary shall fail within 45 days to pay, bond or otherwise discharge any uninsured portion of any judgment or order for the payment of money in excess of \$10,000,000 in the aggregate for all such judgments and orders, which is not stayed on appeal or is not otherwise being appropriately

contested in good faith; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect; and, provided, further, that, if any of the foregoing shall occur with respect to Apache Egypt, it shall not constitute a Default hereunder.

12.11. Plans. The Unfunded Liabilities of all Plans shall exceed in the aggregate \$10,000,000.

12.12. Other Defaults Under U.S. Loan Documents. The occurrence of any default by any party to the U.S. Loan Documents (other than any Agent or Lender) under any U.S. Loan Document (other than this Agreement or the Notes) or the breach of any of the terms or provisions by any party to the U.S. Loan Documents (other than any Agent or Lender) of any U.S. Loan Document (other than this Agreement or the Notes) which default or breach is not remedied within 30 days of such occurrence.

12.13. Failure of U.S. Loan Documents. Any U.S. Loan Document shall fail to remain in full force or effect or shall be declared null and void, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any U.S. Loan Document.

12.14. Change in Control. Any Change in Control shall occur.

ARTICLE XIII

ACCELERATION, WAIVERS, AMENDMENTS, REMEDIES; RELEASES

13.1. Acceleration. If any Default described in Section 12.7 or 12.8 occurs with respect to the Company, (a) the obligations of the U.S. Lenders to make Loans hereunder shall automatically terminate, (b) the Commitments of each of the U.S. Lenders shall terminate and the Obligations shall immediately become due and payable without any election or action on the part of any Agent or any U.S. Lender and without presentment, demand, protest or notice of any kind, including without notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (c) the Agents and the U.S. Lenders and each of them shall be able to exercise any rights available to it or them under the U.S. Loan Documents or by law. If any other Default occurs, (x) the Required Lenders may terminate or suspend the obligations of the U.S. Lenders to make Loans hereunder, or reduce the Commitment of each of the U.S. Lenders to zero and declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, including without notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (y) the Agents and the U.S. Lenders and each of them shall be able to exercise any rights available to it or them under the U.S. Loan Documents, the Guaranty or by law. The Global Administrative Agent hereby agrees, at the written direction of the Required Lenders, subject to the provisions of Article XV, to exercise any of the foregoing rights available to it.

13.2. Amendments. Subject to the provisions of this Article XIII, the Required Lenders (or the Global Administrative Agent with the consent in writing of the Required Lenders) and the Company may enter into agreements supplemental hereto for the purpose of adding or elucidating any provisions to the U.S. Loan Documents or changing in any manner the rights and remedies of the U.S. Lenders or the Company hereunder or waiving any Default hereunder; provided, however that Sections 2.3 and the related definitions in Section 1.1 shall not be changed without the prior written consent of the Combined Required Lenders; provided further, that no such supplemental agreement shall, without the consent of each U.S. Lender affected thereby:

(a) Extend the maturity of any Loan, Note or payment under a Guaranty, or reduce the principal amount of any of them, or reduce the rate or extend the time of payment of interest or fees thereon.

(b) Reduce the percentage specified in the definition of Required Lenders.

(c) Extend the Termination Date or reduce the amount or extend the payment date for, the mandatory payments required under Section 4.1 or increase the amount of the Commitment of any U.S. Lender hereunder or permit the Company to assign its rights or obligations under this Agreement or under any other U.S. Loan Document.

(d) Amend this Section 13.2.

No amendment of any provision of this Agreement relating to any Agent shall be effective without the written consent of such Agent. The Global Administrative Agent may waive payment of the fee required under Section 17.3(b) without obtaining the consent of any of the U.S. Lenders.

13.3. Preservation of Rights. All remedies contained in the U.S. Loan Documents or afforded by law shall be cumulative and all shall be available to the Agents and the U.S. Lenders until the Obligations have been paid in full. No delay or omission of the U.S. Lenders, the Agents or any of them to exercise any right under the U.S. Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the U.S. Loan Documents whatsoever shall be valid unless in writing signed by the U.S. Lenders and the Agents required pursuant to Section 13.2, and then only to the extent specifically set forth in such writing. Notwithstanding the foregoing or any other provision of this Agreement, each of the various written consents provided by the Global Administrative Agent on behalf of the U.S. Lenders, or any group of U.S. Lenders, with respect to the March 1995 Agreement shall remain in full force and effect according to its terms.

ARTICLE XIV

GENERAL PROVISIONS

14.1. Survival of Representations. All representations and warranties of the Company, MW Petroleum and any other Subsidiary contained in the July 1991 Agreement, the April 1992 Agreement, the April 1994 Agreement, the March 1995 Agreement, this Agreement, or in any other U.S. Loan Document shall survive the delivery of the Notes and the making of the Loans herein contemplated until all the Obligations have been paid and this Agreement has been terminated.

14.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no U.S. Lender shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

14.3. Taxes. Any taxes (excluding income taxes) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the U.S. Loan Documents shall be paid by the Company, together with interest and penalties, if any.

14.4. Headings. Article and section headings in the U.S. Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the U.S. Loan Documents.

14.5. Entire Agreement. The U.S. Loan Documents embody the entire agreement and understanding among the Company, the Agents and the U.S. Lenders and supersede all prior agreements and understandings among the Company, the Agents and the U.S. Lenders relating to the subject matter thereof.

14.6. Several Obligations. The respective obligations of the U.S. Lenders hereunder are several and not joint and no U.S. Lender shall be the partner or agent of any other (except to the extent to which an Agent is authorized to

act as such). The failure of any U.S. Lender to perform any of its obligations hereunder shall not relieve any other U.S. Lender from any of its obligations hereunder. This Agreement is not intended to, and shall not be construed so as to, confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

14.7. Reimbursement of Costs and Expenses; Indemnification.

(a) Reimbursement of Costs and Expenses. The Company shall reimburse each Agent for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and attorneys' fees and expenses for such Agent) paid or incurred by such Agent in connection with the preparation, review, execution, delivery, amendment, modification and administration of the U.S. Loan Documents including, without limitation, the fees incurred by such Agent in connection with its initial evaluation of the Properties. The Company shall reimburse each Agent and the U.S. Lenders for any reasonable costs and out-of-pocket expenses (including attorneys' fees and expenses for the Agent and the U.S. Lenders) paid or incurred by any Agent or any U.S. Lender in connection with the collection and enforcement of the U.S. Loan Documents.

(b) Indemnification. In consideration of the execution and delivery of this Agreement by each U.S. Lender and the extension of the Commitments, the Company hereby indemnifies, exonerates and holds each Agent and each U.S. Lender, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not any Agent or any U.S. Lender or any Indemnified Person is a party thereto and all other attorneys' fees and disbursements) ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to,

(i) this Agreement, the other U.S. Loan Documents, the transactions contemplated hereby or thereby;

(ii) the direct or indirect application or proposed application of the proceeds of any Loan hereunder;

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

(iv) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Company or any of its Subsidiaries of all or any portion of the stock or assets of any Person, whether or not any Agent or any U.S. Lender is party thereto;

(v) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the condition of any facility or property owned, leased or operated by the Company or any Subsidiary;

(vi) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any facility or property owned, leased or operated by the Company 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 Company or such Subsidiary;

(vii) any misrepresentation, inaccuracy or any breach in or of Section 8.19 or Section 9.12; or

(viii) any investigation, litigation or proceeding related to any Investment by the Company, any of its Subsidiaries or Producers Energy in any Person, whether or not any Agent or any U.S. Lender is party thereto;

(the foregoing collectively the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The obligations of the Company under this Section 14.7 shall survive the termination of this Agreement or any non-assumption of this Agreement in a bankruptcy or similar proceeding. The Company shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the Company had knowledge of the facts and circumstances giving rise to such Claims.

14.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Global Administrative Agent with sufficient counterparts so that the Global Administrative Agent may furnish one to each of the U.S. Lenders and each of the Agents.

14.9. Severability of Provisions. Any provision in any U.S. Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all U.S. Loan Documents are declared to be severable.

14.10. Nonliability of U.S. Lenders. The relationship between the Company on the one hand and the U.S. Lenders and the Agents on the other hand shall be solely that of borrower and lender. None of the Agents nor any U.S. Lender shall have any fiduciary responsibilities to the Company or any of its Subsidiaries or Affiliates. None of the Agents nor any U.S. Lender undertakes any responsibility to the Company or any of its Subsidiaries or Affiliates to review or inform the Company of any matter in connection with any phase of the Company's or such Subsidiary's or Affiliate's business or operations.

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

14.12. CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER U.S. LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY AGENT, THE U.S. LENDERS OR THE COMPANY SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT ANY AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS 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 COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. THE COMPANY 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 COMPANY 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 COMPANY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER U.S. LOAN DOCUMENTS.

14.13. Confidentiality. Each U.S. Lender and each Agent agrees to hold any confidential information which it may receive from the Company pursuant to this Agreement in confidence in accordance with the provisions set forth in Exhibit J hereto. In addition to the disclosures permitted in such provisions, the U.S. Lenders and the Agents each shall be permitted to make disclosures of such information in accordance with Section 17.4.

ARTICLE XV

THE AGENTS, THE ARRANGERS AND THE ENGINEERING BANKS

15.1. Appointment of Agents. First Chicago is hereby appointed Global Administrative Agent hereunder and under each other U.S. Loan Document, Chase is hereby appointed Co-Agent hereunder and under each other U.S. Loan Document, First Chicago Capital Markets, Inc. is hereby appointed as an Arranger hereunder and under each other U.S. Loan Document, Chase Securities Inc. is hereby appointed as an Arranger hereunder and under each other U.S. Loan Document, and each of First Chicago and Chase is appointed as an Engineering Bank hereunder and each of the U.S. Lenders irrevocably authorizes each such Agent to act in such capacities. Each Agent agrees to act as such upon the express conditions contained in this Article XV. No Agent shall have a fiduciary relationship in respect of any U.S. Lender by reason of this Agreement or any of the other U.S. Loan Documents.

15.2. Powers. Each Agent shall have and may exercise such powers under this Agreement and the other U.S. Loan Documents as are specifically delegated to it by the terms of each thereof, together with such powers as are reasonably incidental thereto. None of the Agents shall have implied duties to the U.S. Lenders, or any obligation to the U.S. Lenders to take any action thereunder except any action by an Agent specifically provided by the U.S. Loan Documents to be taken by such Agent.

15.3. General Immunity. No Agent nor any of its respective directors, officers, agents or employees shall be liable to any U.S. Lender or any of the other Agents for any action taken or omitted to be taken by it or them hereunder or under any other U.S. Loan Document or in connection herewith or therewith except for its or their own gross negligence or wilful misconduct as established by final order of a court of competent jurisdiction.

15.4. No Responsibility for Loans, Recitals, etc. No Agent nor any of its respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any U.S. Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any U.S. Loan Document; (iii) the satisfaction of any condition specified in Article VII, except receipt by an Agent of items required to be delivered to such Agent unless such condition shall have been waived in accordance with Section 13.2; or (iv) the validity, effectiveness or genuineness of any U.S. Loan Document or any other agreement, instrument or writing furnished in connection therewith.

15.5. Action on Instructions of U.S. Lenders. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other U.S. Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the U.S. Lenders, the other Agents and all holders of Notes.

15.6. Employment of Agents and Counsel. Each Agent may execute any of its duties as Agent hereunder and under any other U.S. Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the U.S. Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Each Agent shall be entitled

to advice of counsel concerning all matters pertaining to the agency hereby created and its respective duties hereunder and under any other U.S. Loan Document.

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

15.8. Reimbursement and Indemnification. Each U.S. Lender agrees to reimburse and indemnify each of the Global Administrative Agent, each Arranger and each Engineering Bank ratably in proportion to such U.S. Lender's Aggregate Commitments, (i) for any amounts (other than principal or interest) not reimbursed by the Company or any Guarantor for which such Agent is entitled to reimbursement by the Company under the U.S. Loan Documents, and (ii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of the U.S. Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no U.S. Lender shall be so liable to the extent any of the foregoing is found by a final order of a court of competent jurisdiction to have arisen solely from such Agent's gross negligence or willful misconduct.

15.9. Rights as a U.S. Lender. With respect to its Commitments, Loans made by it and the Notes issued to it, each Agent shall have the same rights and powers hereunder and under each other U.S. Loan Document as any U.S. Lender and may exercise the same as though it did not hold such role, and the term "U.S. Lender" or "U.S. Lenders" shall, unless the context otherwise indicates, include each of them in its individual capacity. In addition to, and not by way of limitation of the rights set forth in Section 15.2 and this Section 15.9, each Agent may accept deposits from, lend money to, and generally engage in any kind of banking or trust business with the Company or any Subsidiary or any other Affiliate of the Company as if it did not hold such role.

15.10. U.S. Lender Credit Decision. Each U.S. Lender acknowledges that it has, independently and without reliance upon any Agent or any other U.S. Lender and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other U.S. Loan Documents. Each U.S. Lender also acknowledges that it will, independently and without reliance upon any Agent or any other U.S. Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other U.S. Loan Documents.

15.11. Certain Successor Agents. Any Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the U.S. Lenders and the Company. Upon any such resignation, the Company shall, if no Default or Unmatured Default has occurred and is continuing, have the right (subject to the consent of the Required Lenders) to appoint, on behalf of the Company and the U.S. Lenders, a U.S. Lender as a successor Agent. If no successor Agent shall have been so appointed by the Company and shall have accepted such appointment within thirty (30) days' after the retiring Agent's giving notice of resignation or if a Default or Unmatured Default has occurred and is continuing, then the retiring Agent may appoint, on behalf of the Company and the U.S. Lenders, a U.S. Lender as a successor Agent; provided, however, that the Company may, within the one year period following the appointment of a successor Agent, and upon thirty (30) days written notice to the U.S. Lenders, remove the successor Agent and appoint a successor Agent acceptable to the Company (subject to the consent of the Required Lenders). Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and Obligations (but not any liability arising from its gross negligence or willful misconduct as established by a final order of a court of competent jurisdiction) hereunder and under the other U.S. Loan Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XV shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as an Agent hereunder and under the other U.S. Loan Documents.

ARTICLE XVI

SETOFF; RATABLE PAYMENTS

16.1. Setoff. In addition to, and without limitation of, any rights of the U.S. Lenders under applicable law, if the Company becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any indebtedness from any U.S. Lender to the Company (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such U.S. Lender, whether or not the Obligations, or any part hereof, shall then be due and payable.

16.2. Ratable Payments. If any U.S. Lender, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than it would have received pursuant to an allocation using the method set forth in Section 4.2 or 4.3 (except for payments made with respect to 1995 Loans which are outstanding on the Global Effective Date pursuant to Section 7.1(d)), such U.S. Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other U.S. Lenders so that after such purchase each U.S. Lender will hold its ratable proportion of such type of Loans. If any U.S. Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to set off, such U.S. Lender agrees, promptly upon demand, to take such action necessary such that all U.S. Lenders share in the benefits of such collateral ratably in proportion to the Obligations owing to each of them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XVII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

17.1. Successors and Assigns. The terms and provisions of the U.S. Loan Documents shall be binding upon and inure to the benefit of the Company, the Agents and the U.S. Lenders and their respective successors and assigns, except that the Company shall not have the right to assign its rights or obligations under the U.S. Loan Documents and any assignment by any U.S. Lender must be made in compliance with Section 17.3. The Global Administrative Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 17.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with such Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the U.S. Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

17.2. Participations.

(a) Any U.S. Lender, in the ordinary course of its business and in accordance with applicable law, at any time may sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such U.S. Lender, any Note held by such U.S. Lender, any Commitment of such U.S. Lender or any other interest of such U.S. Lender under the U.S. Loan Documents. In the event of any such sale by a U.S. Lender of participating interests to a Participant, such U.S. Lender's Obligations under the U.S. Loan Documents shall remain unchanged, such U.S. Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such U.S. Lender shall remain the holder of any such Note or Obligation for all purposes under the U.S. Loan Documents, and the Company and the Agents shall continue to deal solely and directly with such U.S. Lender in connection with such U.S. Lender's rights and obligations under the U.S. Loan Documents.

(b) Each U.S. Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the U.S. Loan Documents other than any amendment,

modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, or reimbursement obligation with respect to, any such Loan or Commitment, releases any guarantor of any such Obligation.

(c) The Company agrees that each Participant shall be deemed to have the right of setoff provided in Section 16.1 in respect of its participating interest in amounts owing under the U.S. Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a U.S. Lender under the U.S. Loan Documents, provided that each U.S. Lender shall retain the right of setoff provided in Section 16.1 with respect to the amount of participating interests sold to each Participant. The U.S. Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 16.1, agrees to share with each U.S. Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 16.2 as if each Participant were a U.S. Lender. The Company also agrees that each Participant shall be entitled to the benefits of Sections 6.1 and 6.3 with respect to its participation in the Commitments or the Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor U.S. Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor U.S. Lender to such Participant had no such transfer occurred.

17.3. Assignments.

(a) Any U.S. Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities ("Purchasers") all or any part of its rights and obligations under the U.S. Loan Documents subject to a minimum of \$15,000,000 or such lesser amount as may be agreed to by the Company; provided that with respect to any Purchaser which is not an Affiliate of such assigning U.S. Lender, such assignment shall require the consent of the Company, which consent of the Company shall not be unreasonably withheld or delayed. Such assignment shall be substantially in the form of Exhibit D hereto. The consent of the Global Administrative Agent shall also be required prior to an assignment becoming effective with respect to a Purchaser which is not a U.S. Lender. All such consents shall be substantially in the form attached as Exhibits "D-II" or "D-III" to Exhibit D hereto and shall not be unreasonably withheld.

(b) Upon (i) delivery to the Global Administrative Agent of a notice of assignment, substantially in the form attached as Exhibit "D-I" to Exhibit D hereto (a "Notice of Assignment"), together with any consents required by Section 17.3.(a), and (ii) payment of a \$3,000 fee to the Global Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment; provided, however, that any amounts paid by the Company to, or for the benefit of, the assigning U.S. Lender, on or before the execution date of the assignment, if such date is later than the effective date of the assignment, shall be deemed paid to and for the benefit of the Purchaser for all purposes. On and after the effective date of such assignment, such Purchaser shall for all purposes be a U.S. Lender, party to this Agreement and any other U.S. Loan Document, including, without limitation, the Intercreditor Agreement, executed by the U.S. Lenders, and shall have all the rights and obligations of a U.S. Lender under the U.S. Loan Documents, including, without limitation, the Intercreditor Agreement, to the same extent as if it were an original party hereto shall be deemed a U.S. Lender for all purposes of the U.S. Loan Documents, including, without limitation, the Intercreditor Agreement, and no further consent or action by the Company, the U.S. Lenders or any Agent shall be required to release the transferor U.S. Lender, with respect to the percentages of the Commitment, and the Loans assigned to such Purchaser and the transferor U.S. Lender shall henceforth be so released, and each reference herein and in the other U.S. Loan Documents, including, without limitation, the Intercreditor Agreement, to the transferor U.S. Lender shall thereafter be deemed a reference to the Purchaser for all purposes. Upon the consummation of any assignment to a Purchaser pursuant to this Section 17.3(b), the Company shall issue replacement Notes to such transferor U.S. Lender and shall issue new Notes or, as appropriate, replacement Notes, to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

(c) The provisions of the foregoing clauses (a) and (b) shall not apply to or restrict, or require the consent of or notice to any Person to effectuate, the pledge or assignment by any Agent or U.S. Lender of its rights or obligations under any U.S. Loan Documents to any Federal Reserve Bank.

17.4. Dissemination of Information. The Company authorizes each Agent and each U.S. Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the U.S. Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such U.S. Lender's possession concerning the creditworthiness of the Company and the Subsidiaries, provided that such Transferee and prospective Transferee agrees in writing to be bound by Section 14.13 of this Agreement.

17.5. Tax Treatment. If any interest in any U.S. Loan Document is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any State thereof, the transferor U.S. Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 6.8.

ARTICLE XVIII

NOTICES

18.1. Giving Notice. Except as otherwise permitted by Section 4.5 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other U.S. Loan Document shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

18.2. Change of Address. The Company, each Agent, and each U.S. Lender may change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIX

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company, the Agents and the U.S. Lenders and each party has notified the Global Administrative Agent, by telex, facsimile or telephone, that it has taken such action.

ARTICLE XX

NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT, THE NOTES, AND THE OTHER U.S. LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Company, the U.S. Lenders and the Agents have executed this Agreement as of the date first above written.

APACHE CORPORATION

By: /s/ APACHE CORPORATION

Name: Matthew W. Dundrea
Title: Treasurer

Address: 2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea, Treasurer

Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Zurab S. Kobiashvili
Vice President and General Counsel
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Telephone: (713) 296-6204
Facsimile: (713) 296-6458

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:

Title:

Address: One First National Plaza
Chicago, Illinois 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268

Facsimile: (312) 732-2038

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S - 2

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

Address: 707 Travis
5th Floor North
Houston, Texas 77002

Attention: Lori Veters

Telephone: (713) 216-4332
Facsimile: (713) 216-4117

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

S - 3

Commitments

\$60,000,000

THE FIRST NATIONAL BANK OF CHICAGO,
Individually and as Global Administrative
Agent and Engineering Bank

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for The First
National Bank of Chicago

Address: One First National Plaza
Chicago, Illinois 60670

Attention: W. Walter Green, III,
Petroleum and Mining Division
Suite 0363

Telephone: (312) 732-7235
Facsimile: (312) 732-3055

with a copy to:

Syndications and
Placements/Agency
Suite 0353, 15th Floor
One First National Plaza
Chicago, IL 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268
Facsimile: (312) 732-2038

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$50,000,000

THE CHASE MANHATTAN BANK, Individually and
as Co-Agent and Engineering Bank

By: /s/ THE CHASE MANHATTAN BANK

Name:

Title:

Address: 270 Park Avenue
Energy Portfolio, 10th Floor
New York, New York 10017-2070

Attention: Ronald Potter

Telephone: (212) 270-2057

Facsimile: (212) 270-3860

with a copy to:

Lori Vettters
The Chase Manhattan Bank
707 Travis
5th Floor North
Houston, Texas 77002

Telephone: (713) 216-4332

Facsimile: (713) 216-4117

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$40,000,000

BANK OF MONTREAL, as a U.S. Lender and as
Lead Manager

By: /s/ BANK OF MONTREAL

Name:

Title:

Address: 700 Louisiana, Suite 4400
Houston, TX 77002

Attention: Robert L. Roberts

Telephone: (713) 546-9754

Facsimile: (713) 223-4007

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as a U.S. Lender

By: /s/ MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Name:
Title:

Address: 60 Wall Street
New York, NY 10260

Attention: Mr. Philip W. McNeal

Telephone: (212) 648-7225
Facsimile: (212) 648-5014

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$60,000,000

NATIONSBANK OF TEXAS, N.A., as a
U.S. Lender and as Lead Manager

By: /s/ NATIONSBANK OF TEXAS, N.A.

Name: Kristin B. Palmer
Title: Senior Vice President

Address: 901 Main Street
Dallas, TX 75202

Attention: Karen Dumond

Telephone: (214) 508-2513
Facsimile: (214) 508-1215

With a copy to:

Melissa A. Bauman
700 Louisiana Street, 8th Floor
Houston, TX 77002

Telephone: (713) 247-6830
Facsimile: (713) 247-6568

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

ROYAL BANK OF CANADA, as a U.S. Lender

By: /s/ ROYAL BANK OF CANADA

Name:
Title:

Address: 600 Wilshire Blvd.
Suite 800
Los Angeles, CA 90017

Attention: Linda Stephens

Telephone: (213) 955-5347
Facsimile: (213) 955-5350

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$25,000,000

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a U.S. Lender

By: /s/ BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION

Name: J. Stephen Mernick
Title: Senior Vice President

Address: 333 Clay Street, Suite 4550
Houston, TX 77002

Attention: Ms. Paula Mitchell

Telephone: (713) 651-4877
Facsimile: (713) 651-4808

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$30,000,000

CIBC INC., as a U.S. Lender and as Lead
Manager

By: /s/ CIBC INC.

Name:

Title:

Address: Two Paces West
2727 Paces Ferry Road
Suite 1200
Atlanta, GA 30339

Attention: Credit Administration

Telephone: (770) 319-4999

Facsimile: (770) 319-4950

With a copy to:

909 Fannin, Suite 1200
Houston, TX 77010

Attention: Brian Swinford

Telephone: (713) 658-8400

Facsimile: (713) 658-9922

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$45,000,000

SOCIETE GENERALE, SOUTHWEST AGENCY, as a
U.S. Lender

By: /s/ SOCIETE GENERALE, SOUTHWEST AGENCY

Name:

Title:

Address: 1111 Bagby, Suite 2020
Houston, TX 77002

Attention: Richard A. Erbert

Telephone: (713) 759-6318

Facsimile: (713) 650-0824

With a copy to:

2001 Ross Avenue, Suite 4800
Dallas, TX 75201

Attention: Loan Operations

Telephone: (214) 979-2792

Facsimile: (214) 754-0171

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$40,000,000

ABN-AMRO BANK N.V. - HOUSTON AGENCY, as a
U.S. Lender

By: /s/ ABN-AMRO BANK N.V. - HOUSTON AGENCY

Name:
Title:

By: /s/ ABN-AMRO BANK N.V. - HOUSTON AGENCY

Name:
Title:

Address: Three Riverway
Suite 1700
Houston, TX 77056

Attention: Michael N. Oakes

Telephone: (713) 964-3356
Facsimile: (713) 629-7533

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$20,000,000

THE BANK OF NOVA SCOTIA, ATLANTA AGENCY, as
a U.S. Lender

By: /s/ THE BANK OF NOVA SCOTIA, ATLANTA AGENCY

Name:
Title:

Address: 600 Peachtree Street N.E.
Suite 2700
Atlanta, GA 30308

Attention: F.C.H. Ashby

Telephone: (404) 877-1500
Facsimile: (404) 888-8998

With a copy to:

The Bank of Nova Scotia
Houston Representative Office
1100 Louisiana, Suite 3000
Houston, TX 77002

Attention: Mark A. Ammerman

Telephone: (713) 752-0900
Facsimile: (713) 752-2425

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$40,000,000

CHRISTIANIA BANK OG KREDITKASSE, as a
U.S. Lender

By: /s/ CHRISTIANIA BANK OG KREDITKASSE

Name:
Title:

By: /s/ CHRISTIANIA BANK OG KREDITKASSE

Name:
Title:

Address: 11 West 42nd Street
New York, NY 10036

Attention: Deborah Dickehuth

Telephone: (212) 827-4836
Facsimile: (212) 827-4888

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$15,000,000

CITIBANK, N.A., as a U.S. Lender

By: /s/ CITIBANK, N.A.

Name:
Title:

Address: One Court Square
7th Floor
Long Island City, NY 11120

Attention: Leena Caligiure

Telephone: (718) 248-5762
Facsimile: (718) 248-4844

with a copy to:

Mr. L. Don Miller
1200 Smith Street, Suite 2000
Houston, Texas 77002
Telephone: (713) 654-2962
Facsimile: (713) 654-2849

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$40,000,000

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.,
as a U.S. Lender

By: /s/ THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Name:
Title:

Address: 165 Broadway
New York, NY 10006

Attention: Maria Araujo

Telephone: (212) 335-4553
Facsimile: (212) 608-2371

With a copy to:

2200 Ross Avenue, Suite 4700 West
Dallas, TX 75201

Attention: John Clark

Telephone: (214) 969-5352
Facsimile: (214) 969-5357

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$40,000,000

UNION BANK OF SWITZERLAND, HOUSTON AGENCY,
as a U.S. Lender

By: /s/ UNION BANK OF SWITZERLAND, HOUSTON AGENCY

Name:
Title:

By: /s/ UNION BANK OF SWITZERLAND, HOUSTON AGENCY

Name:
Title:

Address: 1100 Louisiana, Suite 4500
Houston, TX 77002

Attention: Evans Swann

Telephone: (713) 655-6500
Facsimile: (713) 655-6555

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

THE FIRST NATIONAL BANK OF BOSTON, as a
U.S. Lender

By: /s/ THE FIRST NATIONAL BANK OF BOSTON

Name:
Title:

Address: 100 Federal Street
Boston, MA 02110

Attention: Ms. Virginia Ryan

Telephone: (617) 434-3606
Facsimile: (617) 434-3652

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

BANQUE PARIBAS, as a U.S. Lender

By: /s/ BANQUE PARIBAS

Name:
Title:

By: /s/ BANQUE PARIBAS

Name:
Title:

Address: 787 7th Avenue
New York, NY 10019

Attention: Charles K. Thompson

Telephone: (212) 841-2133
Facsimile: (212) 841-2555

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

COLORADO NATIONAL BANK, as a U.S. Lender

By: /s/ COLORADO NATIONAL BANK

Name:
Title:

Address: 950 Seventeenth Street
Denver, CO 80202

Attention: Mr. Paul Jelaco

Telephone: (303) 585-4983
Facsimile: (303) 585-4362

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

THE FUJI BANK, LIMITED - HOUSTON AGENCY, as
a U.S. Lender

By: /s/ THE FUJI BANK, LIMITED - HOUSTON AGENCY

Name:

Title:

Address: One Houston Center
1221 McKinney, Suite 4100
Houston, TX 77010

Attention: Roger K. Frey

Telephone: (713) 650-7868

Facsimile: (713) 759-0048

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

\$35,000,000

UNION BANK OF CALIFORNIA, N.A., as a
U.S. Lender

By: /s/ UNION BANK OF CALIFORNIA, N.A.

Name:
Title:

By: /s/ UNION BANK OF CALIFORNIA, N.A.

Name:
Title:

Address: 445 South Figueroa Street
15th Floor
Los Angeles, CA 90071

Attention: Richard P. DeGrey, Jr.

Telephone: (213) 236-5731
Facsimile: (213) 236-4096

\$750,000,000

AGGREGATE
COMMITMENT

[SIGNATURE PAGE TO U.S. CREDIT AGREEMENT]

[CANADIAN CREDIT AGREEMENT]

=====

CREDIT AGREEMENT

dated as of October 31, 1996

among

APACHE CANADA LTD.,

and

THE CANADIAN LENDERS NAMED HEREIN,

and

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent,

and

BANK OF MONTREAL,
as Canadian Administrative Agent,

and

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger,

and

CHASE SECURITIES INC.,
as Arranger

=====

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CREDIT AGREEMENT

This Agreement, dated as of October 31, 1996, is among Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada (the "Company"), the various commercial lending institutions as are or may become parties hereto (the "Canadian Lenders"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), Bank of Montreal, as Canadian Administrative Agent (the "Canadian Administrative Agent"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.

RECITALS:

1. The Company desires to obtain commitments from the Canadian Lenders pursuant to which extensions of credit in the form of Loans will be made in the amounts and currencies herein provided pursuant to the terms and provisions herein set forth.
2. The proceeds of the Loans will be used by the Company to refinance existing debt of the Company and for general corporate purposes.
3. The Canadian Lenders are willing, on the terms and subject to the conditions herein set forth, to extend such commitments and make such extensions of credit to the Company.
4. The Company, the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS OF CONSTRUCTION

1.1. Definitions. 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 the plural forms thereof):

"Accepting Lender" is defined in Section 2.2.

"Acquisition" means any transaction, or any series of related transactions, consummated after the date of this Agreement, by which the Company or any of the Subsidiaries (i) acquires any going business or all or substantially all of the assets of any Person or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency).

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Canadian Lenders or any of them to the Company on the same Borrowing Date, at the same Rate Option and, in the case of Eurodollar Loans, for the same Interest Period, which results in an increase in the aggregate amount of outstanding Loans under this Agreement.

"Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person; provided, however, notwithstanding the foregoing, the definition of "Affiliate" shall not include any Subsidiary of the Company. A Person shall be deemed to control another Person

if the controlling Person owns directly or indirectly 20% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agents" means each of the Global Administrative Agent, the Canadian Administrative Agent, the Arrangers, and the Engineering Banks.

"Agreed Currency" is defined in Section 6.9(a).

"Aggregate Commitment" means, as of the time a determination thereof is to be made, the sum of the Commitments of all the Canadian Lenders hereunder, being \$125,000,000 as of the date hereof, and as reduced from time to time after the date hereof pursuant to Sections 4.5 and 13.1.

"Agreement" means this Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means, on any date, those generally accepted accounting principles applied in preparing the financial statements referred to in Section 8.4.

"Alternate Base Rate" means, on any date and with respect to all Floating Rate Advances, a fluctuating rate of interest per annum equal to the higher of (i) the U.S. Base Rate, and (ii) the Federal Funds Effective Rate most recently determined by the Global Administrative Agent plus 1/2%. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. The Global Administrative Agent will give notice promptly to the Company and the Canadian Lenders of changes in the Alternate Base Rate.

"Anniversary Date" means any October 31, with the first such date being October 31, 1997.

"Annual Certificate of Extension" means a certificate of the Parent and the Company, executed by an Authorized Officer and delivered to the Global Administrative Agent and the Canadian Administrative Agent, which requests an extension of the then scheduled Termination Date pursuant to Section 2.2.

"Apache Energy Limited" means Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia.

"Apache Oil Australia" means Apache Oil Australia Pty. Limited (ACN 050 611 688), a corporation organized under the laws of the State of New South Wales, Australia.

"Approved Canadian Lender" means Canadian chartered banks which have a long term debt rating of A Low (or the then equivalent grade) or higher by DBRS, or, if not then rated by DBRS, of A Low (or the then equivalent grade) or higher by CBRS.

"Approved Engineers' Report" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Arranger" means each of First Chicago Capital Markets, Inc. and Chase Securities Inc. in their respective capacities as arrangers pursuant to Article XV.

"Assignment Agreement" means an agreement executed by an assignor Canadian Lender and an assignee Canadian Lender pursuant to Section 17.3 substantially in the form of Exhibit D hereto.

"Australian Administrative Agent" means Chase Securities Australia Limited (ACN 002 888 011) in its capacity as Administrative Agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Borrowers" means Apache Energy Limited and Apache Oil Australia.

"Australian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrowers, the Australian Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Australian Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Australian Lenders" means the financial institutions listed on the signature pages of the Australian Credit Agreement and their respective successors and assigns.

"Australian Loan Documents" means the Australian Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means, with respect to the Company, the President, the Vice President and the Treasurer of the Company, and any officer of the Company specified as such to the Canadian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of the Company, or, with respect to the Parent, the Chairman, the President, the Vice President and Chief Financial Officer and the Treasurer of the Parent, and any officer of the Parent, specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of the Parent.

"Borrowing Base Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which owns or controls any Properties and any Subsidiary that owns or controls, directly or indirectly, another Subsidiary that owns or controls any Properties. The Borrowing Base Subsidiaries of the Company as of the Global Effective Date are listed on Schedule 8.8 hereto.

"Borrowing Date" means any Business Day on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 3.3.

"Business Day" means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day other than Saturday or Sunday on which banks are open for business in Calgary, Toronto, Chicago and New York and on which dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day other than Saturday or Sunday on which banks are open for business in Calgary, Toronto, Chicago and New York.

"Canadian Administrative Agent" means Bank of Montreal in its capacity as administrative agent for the lenders party to this Agreement and any successor thereto.

"Canadian Lenders" means the financial institutions listed on the signature pages of this Agreement and their respective successors and assigns in accordance with Section 17.3 (including any commercial lending institution becoming a party hereto pursuant to an Assignment Agreement) or otherwise by operation of law.

"Canadian Loan Documents" means this Agreement, the Notes, the Parent Guaranty, the Guaranties, the Assignment Agreements, the agreement with respect to fees described in Section 2.4(b), the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capitalized Lease" means, with any respect to a Person, any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" means, with respect to a Person, the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investment" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or by the Government of Canada;

(b) commercial paper, maturing not more than nine months from the date of issue, which is issued by any Agent or any Agent's holding company, or by (i) a corporation (other than the Parent or an Affiliate of the Parent) organized under the laws of any state of the United States or of the District of Columbia and rated A-1 by S&P or P-1 by Moody's, (ii) any Combined Lender (or its holding company) which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating, or which is an Approved Canadian Lender, or (iii) a corporation (other than the Parent or an Affiliate of the Parent) organized under the laws of Canada or any province thereof and rated R-1 (middle/low) (or the then equivalent grade) or higher by DBRS, or, if not then rated by DBRS, which is rated A-1 (or the then equivalent grade) or higher by CBRS;

(c) any certificate of deposit, time deposit or banker's acceptance, maturing not more than one year after such time, which is issued or accepted by any Agent or any Agent's holding company, or by either (i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000, which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating, (ii) any Combined Lender which has (or which is a subsidiary of a holding company which has) a Qualified Long Term Rating, or (iii) any Approved Canadian Lender; or

(d) any repurchase agreement entered into with any Agent or any Combined Lender (or other commercial banking institution of the stature referred to in clause (c)(i)) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c); and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Combined Lender or Agent (or other commercial banking institution) thereunder.

"CBRS" means C.B.R.S. Inc. carrying on business as "Canadian Bond Rating Service" and its successors.

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

"Change in Control" means:

(a) the failure by the Company to own, free and clear of all Liens or encumbrances, 100% of the outstanding capital stock of any Subsidiary which is a Guarantor on a fully diluted basis, except as a result of the merger of any such Subsidiary into the Company or any Subsidiary of the Company pursuant to Section 11.2; provided, however, that, in the event of a merger of any such Subsidiary with a Subsidiary, such Subsidiary shall at its own expense deliver to the Canadian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Canadian Administrative Agent may request; or

(b) the failure by the Company to own, directly or indirectly, free and clear of all Liens, other than Liens permitted under Section 11.5 hereof, 100% of the outstanding capital stock of each Borrowing Base Subsidiary on a fully diluted basis except as a result of a merger of such Borrowing Base Subsidiary with the Company, another Borrowing Base Subsidiary or with any other Person as permitted pursuant to Section 11.2, or as a result of a sale of such Borrowing Base Subsidiaries as permitted pursuant to Section 11.3; or

(c) the failure by the Parent to own, directly or indirectly, free and clear of all Liens, other than Liens permitted under Section 11.5 of the U.S. Credit Agreement, 100% of the outstanding capital stock of the Company on a fully diluted basis.

"Chase" means The Chase Manhattan Bank, in its individual capacity and its successors.

"Claims" is defined in Section 14.7.

"Combined Commitments" means, at any time, the aggregate of the Aggregate Commitments, the U.S. Commitments and the Australian Commitments at such time.

"Combined Lenders" means the Canadian Lenders, the U.S. Lenders and the Australian Lenders.

"Combined Required Lenders" means, at any time, Combined Lenders having greater than 66-2/3% of the aggregate amount of the Combined Commitments at such time.

"Commitment" means, with respect to each Canadian Lender, the obligation of such Canadian Lender to make Loans not exceeding the amount set forth as its Commitment opposite its signature below or in the relevant Assignment Agreement, as such amount may be modified from time to time pursuant to the provisions of this Agreement, including any Assignment Agreement executed by such Canadian Lender and its Assignee Lender and delivered pursuant to Section 17.3 and any reduction pursuant to Sections 4.5, or 13.1; it being understood, however, that a change in the Global Borrowing Base does not constitute a modification of any Commitment.

"Company" is defined in the Preamble.

"Consolidated Interest Expense" means, for any period for which a determination thereof is to be made, total interest expense, whether paid or accrued (but excluding that attributable to Capitalized Leases), of the Parent and its Consolidated Subsidiaries on a consolidated basis including, without limitation, all commissions, discounts and other fees and charges owing with respect to letters of credit and bankers' acceptance financing.

"Consolidated Net Income" means, for any period for which a determination thereof is to be made, the net income (or loss) after taxes of the Parent and its Consolidated Subsidiaries on a consolidated basis for such period taken as a single accounting period; provided that there shall be excluded the income (or loss) of any Affiliate of the Parent or other Person (other than a Consolidated Subsidiary of the Parent) in which any Person (other than the

Parent or any of the Consolidated Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Parent or any of the Consolidated Subsidiaries by such Affiliate or other Person during such period.

"Consolidated Subsidiary" means, in relation to any Person as of the time a determination thereof is to be made, any Subsidiary or other entity the accounts of which would be consolidated with those of the Person in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means, as of the time a determination thereof is to be made, the consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries, less their consolidated intangible assets, all determined as of such date in accordance with Agreement Accounting Principles.

"Continuation/Conversion Notice" means a notice by means of telecopy or telephone (confirmed in writing promptly thereafter if by telephone) of continuation or conversion, which notice shall specify the principal amount to be continued or converted, the date of such continuation or conversion, the type of Loan and, if such Loan is to be a Revolving Eurodollar Loan, the Interest Period, which notice, when delivered by telecopy or confirmed in writing, shall be substantially in the form of Exhibit E and executed on behalf of the Company by an Authorized Officer.

"DBRS" means Dominion Bond Rating Service Limited and its successors.

"Debt" means all Indebtedness of the type referred to in clauses (i), (ii), (iii), (iv) and (v) of the definition of Indebtedness.

"Debt/Capitalization Ratio" means, as of the time a determination thereof is to be made, the ratio expressed as a decimal of (x) the aggregate outstanding amount of the consolidated Debt of the Parent and its Consolidated Subsidiaries, to (y) the sum of the consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries plus the aggregate outstanding amount of the consolidated Debt of the Parent and its Consolidated Subsidiaries; provided, however, that, for purposes of the definition of Eurodollar Spread, the Debt/Capitalization Ratio on each day commencing on the forty-fifth (45th) day following the end of a calendar quarter shall be deemed to be the lesser of (a) the Debt/Capitalization Ratio as of the end of such calendar quarter and (b) the Debt/Capitalization Ratio as of the final day of the month following the end of such calendar quarter, in each case based on a certificate received by the Global Administrative Agent and the U.S. Lenders from an Authorized Officer of the Parent pursuant to Section 9.1(k) of the U.S. Credit Agreement; provided, further, that until the forty-fifth (45th) day following the calendar quarter ending September 30, 1996, the Debt/Capitalization Ratio shall be deemed to be "(0.55" for purposes of the definition of Eurodollar Spread and the calculation of applicable fees.

"Debt Limit Excession" means the condition existing at any time prior to the Termination Date in which the outstanding principal balance of the Borrowing Base Debt as of such date exceeds the Global Borrowing Base as of such date.

"Declining Lender" is defined in Section 2.2.

"Default" means any event described in Article XII.

"Downgrade Condition" shall have the meaning assigned to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"EBITDDA" means, for any period for which a determination thereof is to be made, without duplication, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) depreciation expense and depletion expense, (iv) amortization expense, (v) federal and state taxes, (vi) other non-cash charges and expenses and (vii) any losses arising outside of the ordinary course of business which have been

included in the determination of Consolidated Net Income less any gains arising outside of the ordinary course of business which have been included in the determination of Consolidated Net Income, all as determined on a consolidated basis for the Parent and its Consolidated Subsidiaries.

"Engineering Bank" means each of First Chicago and Chase in their respective capacities as Engineering Banks.

"Environmental Law" means any federal, state, provincial, territorial or local statute (including for example and without limitation, the Environmental Protection and Enhancement Act (Alberta) and the Canadian Environmental Protection Act), or rule or regulation promulgated thereunder, any judicial or administrative order or judgment or written administrative request to which the Company or any Subsidiary is party or any of which are applicable to the Company or any Subsidiary or the Properties (whether or not by consent), and any provision or condition of any permit, license or other governmental operating authorization, relating to (A) 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; or (B) occupational or public health or safety.

"Equivalent Amount" in one currency (the "first currency") of an amount in another currency (the "other currency") means the amount of the first currency which is required to purchase such amount of the other currency at the rate determined on the basis of the Spot Rate of Exchange for the other currency against the first currency at the time of determination.

"Eurodollar Advance" means a Revolving Advance which bears interest at a Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, the rate determined by the Global Administrative Agent to be the arithmetic average of the rates reported to the Global Administrative Agent by each Reference Lender as the rate at which deposits in U.S. dollars are offered by such Reference Lender to first-class banks in the London interbank market at approximately 11 a.m. (London time) two Business Days prior to the first day of such Interest Period, in the approximate amount of such Reference Lender's relevant Eurodollar Loan and having a maturity approximately equal to such Interest Period. If any Reference Lender fails to provide such quotation to the Global Administrative Agent, then the Global Administrative Agent shall determine the Eurodollar Base Rate on the basis of the quotations of the remaining Reference Lender.

"Eurodollar Loan" means a Loan which bears interest at a Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Loan or Eurodollar Advance for each day during the relevant Interest Period, the sum of (i) the quotient of (a) the Eurodollar Base Rate applicable to that Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to that Interest Period, plus (ii) the Eurodollar Spread applicable to that day. The Eurodollar Rate shall be rounded, if not a whole number multiple of 1/16 of 1%, to the next higher 1/16 of 1%.

"Eurodollar Spread" means, on any date and with respect to each Eurodollar Advance, the applicable rate per annum set forth in Schedule A based on the applicable Rating Level and Debt/Capitalization Ratio on such date.

"Excluded Principal Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Federal Funds Effective Rate" means, for any period for which a determination thereof is made, a fluctuating interest rate per annum equal for each day during such period to (i) 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 preceding Business Day) by the Federal Reserve Bank of New York; or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11 a.m. (Toronto time) for such day on such transactions received by the Global Administrative Agent from three federal funds brokers of recognized standing selected by it.

"First Chicago" means The First National Bank of Chicago in its individual capacity, and its successors and assigns.

"Floating Rate Advance" means a Revolving Advance which bears interest at the Alternate Base Rate.

"Floating Rate Loan" means a Loan which bears interest at the Alternate Base Rate.

"Global Administrative Agent" means The First National Bank of Chicago or any Affiliate thereof in its capacity as global administrative agent for the Combined Lenders pursuant to Article XV, and not in its individual capacity as a U.S. Lender or in its capacity as an Engineering Bank and any successor Global Administrative Agent appointed pursuant to Article XV.

"Global Borrowing Base" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Global Credit Facility Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Global Effective Date" means a date agreed upon by the Parent, the Company, the Arrangers, the Canadian Administrative Agent and the Global Administrative Agent as the date on which the conditions precedent set forth in Section 7.1 of this Agreement have been satisfied.

"Global Effectiveness Notice" means a notice and certificate of the Parent and the Company properly executed by an Authorized Officer of each the Parent and the Company addressed to the Combined Lenders and delivered to the Global Administrative Agent, in sufficient number of counterparts to provide one for each Combined Lender and each Agent, whereby the Parent and the Company certify satisfaction of all the conditions precedent to the effectiveness under Section 7.1 of this Agreement, under Section 7.1 of the Australian Credit Agreement and under Section 7.1 of the U.S. Credit Agreement.

"Global Loan Documents" means the U.S. Loan Documents, the Australian Loan Documents, the Canadian Loan Documents, the Intercreditor Agreement and Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Guaranteed Obligation" means, with respect to any Person as of the time a determination thereof is to be made (without duplication), (i) any obligation, contingent or otherwise, of any such Person whether as guarantor, surety or otherwise with respect to any Indebtedness (other than Indebtedness for which the Company or any Borrowing Base Subsidiary of the Company is the primary obligor), and (ii) any obligation to a foreign government or foreign governmental agency under which such Person must either perform or pay a sum of money in lieu of performance; provided, however, that any obligation of any Person which is Indebtedness of the Company or one or more of its Borrowing Base Subsidiaries shall not be a Guaranteed Obligation of such Person for purposes of this Agreement; and provided further that obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the sale, exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing

of gas and gas condensate production for the extraction of products therefrom are not Guaranteed Obligations for purposes of this definition.

"Guarantor" means each of the Parent and any Subsidiary of the Company which is a guarantor pursuant to the Parent Guaranty or a Guaranty, respectively, in favor of the Agents and the Canadian Lenders delivered pursuant to Section 9.11.

"Guaranty" means each guaranty delivered pursuant to Section 9.11, or as required by the definition of "Change of Control", in each case as such guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act, as amended; (c) any petroleum, crude oil or any fraction thereof; (d) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; (e) 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; (f) asbestos-containing materials in any form or condition; or (g) polychlorinated biphenyls in any form or condition.

"Highest Lawful Rate" is defined in Section 3.2.

"Hydrocarbon Interests" means leasehold and other interests in or under leases with respect to property located in Canada and any other countries acceptable to the Combined Required Lenders, mineral fee interests, production sharing contracts, overriding royalty and royalty interests, net profit interests and production payment interests, insofar and only insofar as such interests relate to Hydrocarbons located in the United States of America, Canada, Australia and any other countries acceptable to the Combined Required Lenders, including any reserved or residual interests of whatever nature.

"Hydrocarbons" means oil, gas and all other liquid or gaseous hydrocarbons and all products refined therefrom and all other minerals and substances, including sulfur, geothermal steam, water, carbon dioxide, helium and any and all other minerals, ores or substances of value and the products and proceeds therefrom.

"include" or "including" means including without limiting the generality of any description preceding such terms, and, for purposes of this Agreement and each other Canadian Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" means, with respect to a Person at any time, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services, including obligations payable out of Hydrocarbon production, other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens (other than Liens permitted by Section 11.5, clauses (a) through (d) or clauses (f) through (m)) or payable out of the proceeds of production from property now or hereafter owned or acquired by such Person, (iv) obligations (other than the obligations previously described in clauses (i), (ii), or (iii) of this definition) which are evidenced by notes, bonds, debentures, bankers' acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) liabilities under interest rate swap, exchange, collar or cap agreements and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates, (vii) net liabilities under commodity hedge, commodity swap, exchange, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect a person against fluctuations in oil or gas prices provided that, each such contract will be marked-to-market and the gain or loss on each such contract and any amounts on deposit with any counterparties or exchanges shall be included in determining such Person's net liability with respect to such contract, (viii) obligations, contingent or otherwise, relative to the amount of all letters of credit, whether or not

drawn, and (ix) all Guaranteed Obligations of such Person in respect of any of the foregoing; provided, however, that "Indebtedness" shall not include any amounts included as deferred credits on the financial statements of such Person or of a consolidated group including such Person, determined in accordance with Agreement Accounting Principles; provided further that for purposes of the foregoing clauses (ii), (iii) and (ix) and the "other instruments" described in the foregoing clause (iv), obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom shall not be Indebtedness.

"Indemnified Person" is defined in Section 14.7.

"Indemnity Agreements" means (i) that certain letter agreement, dated as of October 31, 1996, among the Company, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, (ii) that certain letter agreement, dated as of October 31, 1996, among the Australian Borrowers, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, and (iii) that certain letter agreement, dated as of October 31, 1996, among the Parent, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, each in form and substance acceptable to the Agents and the Arrangers, as each may be amended, supplemented, restated or otherwise modified from time to time.

"Intercreditor Agreement" means that certain Intercreditor Agreement of even date herewith among the Global Administrative Agent, the Co-Agent, the Canadian Administrative Agent, the Australian Administrative Agent, the Arrangers and the Combined Lenders, in form and substance acceptable to the Agents and the Arrangers, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one (1), two (2), three (3) or, subject to availability, six (6) months commencing on a Business Day selected by the Company pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one (1), two (2), three (3) or six (6) months thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in the next month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" means, with respect to any Person, any loan, advance, extension of credit (excluding accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, notes, debentures or other securities of any other Person made by such Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Judgment Currency" is defined in Section 6.9(b).

"Lending Installation" means any office, branch, subsidiary or affiliate of any Canadian Lender or the Canadian Administrative Agent.

"Lien" means any interest in assets or property securing an obligation owed to, or a claim by, a Person other than the owner of the asset or property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including any security interest, mortgage, pledge, lien, claim, charge, encumbrance, contract for deed, installment sales contract, production payment, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any Person's assets or properties in favor of any other Person.

"Loan" means, with respect to a Canadian Lender, a revolving loan made by such Canadian Lender pursuant to Sections 2.1 and 3.3 as the result of a Borrowing Notice from the Company requesting an Advance.

"Material Adverse Effect" means with respect to any matter that such matter (i) could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise), prospects, or results of operations of the Parent and its Subsidiaries, taken as a whole, or the value or condition of the Properties taken as a whole, or the ability of the Parent or any Subsidiary of the Parent which is a party to a Canadian Loan Document to perform its respective obligations under any of the Canadian Loan Documents to which it is party, or (ii) has been brought by or before any court or arbitrator or any governmental body, agency or official, and draws into question or otherwise has or reasonably could be expected to have a material adverse effect on the validity or enforceability of any material provision of any Canadian Loan Document against any obligor party thereto or the rights, remedies and benefits available to the Agents and the Canadian Lenders under the Canadian Loan Documents, respectively.

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

"1996 Engineers' Report" means those certain Supplemental Reserve Reports as of January 1, 1996 of the Parent's engineers, Ryder Scott Company Petroleum Engineers, dated as of April 16, 1996, with respect to the Properties, copies of which have been delivered to the Global Administrative Agent, the Canadian Administrative Agent and each of the Canadian Lenders.

"Non-Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which is not a Borrowing Base Subsidiary.

"Note" means a promissory note in substantially the form of Exhibit A hereto (with appropriate insertions and deletions), duly executed and delivered to the Canadian Administrative Agent by the Company and payable to the order of a Canadian Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"Notice of Assignment" is defined in Section 17.3(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid facility fees, and all other obligations of the Company or any Subsidiary to any Canadian Lender or any Agent, whether or not contingent, arising under or in connection with any of the Canadian Loan Documents, and all obligations in respect of any interest rate swap or interest rate cap or collar agreement or other interest rate hedging agreement entered into by the Company or any Subsidiary with any Canadian Lender.

"or" as used in this Agreement is not exclusive.

"Original Termination Date" means October 31, 2001.

"Other Currency" is defined in Section 6.9(a).

"Parent" means Apache Corporation, a corporation organized under the laws of the State of Delaware.

"Parent's Engineers' Report" shall have the meaning ascribed to "Company's Engineers' Report" in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Parent Guaranty" means that certain Guaranty, dated as of October 31, 1996, by the Parent in favor of the Canadian Lenders and the other Lender Parties (as defined therein), as such Parent Guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Participant" is defined in Section 17.2(a).

"Payment Date" means the second day of January and the first day of each April, July and October of each calendar year, commencing January 2, 1997.

"Person" means any corporation, limited liability company, natural person, firm, joint venture, partnership, trust, unincorporated organization, enterprise, government or any department or agency of any government.

"Projections" means the Parent's Operations and Financial Summary Data consisting of the Company Case dated April 19, 1996 and the Liquidating Case dated April 19, 1996.

"Properties" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Purchaser" is defined in Section 17.3(a).

"Qualified Long Term Rating" means in respect of any Person, a Person which has publicly traded debt securities rated either A- or higher by S&P or A(3) or higher by Moody's.

"Rate Option" means the Eurodollar Rate or the Alternate Base Rate.

"Rating Level" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Reference Lenders" means First Chicago and Chase.

"Regulation U" means any of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulations or official interpretations of said Board of Governors or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

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

"Replacement Lender" is defined in Section 2.2.

"Required Lenders" means, as of any date of determination, Canadian Lenders having in the aggregate at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Canadian Lenders holding at least 66-2/3% of the then outstanding principal amount of the Loans.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or regulations issued from time to time) which is then applicable to assets or liabilities consisting of and including with a maturity equal to that of the eurocurrency liabilities having a term approximately equal or comparable to such Interest Period.

"Revolving Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Canadian Lenders or any of them to the Company on the same Borrowing Date, at the same Rate Option and, in the case of Eurodollar Loans, for the same Interest Period.

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

"Sale" means any sale, transfer, assignment, lease, conveyance, exchange, swap or other disposition.

"Schedules" means Schedules A, 8.8, 11.1 and 11.10 hereto.

"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.

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.

"Spot Rate of Exchange" means, on any date, the rate of exchange between two currencies which is quoted on the Reuters' Screen page BOFC at or about 1:00 p.m. (Toronto time) on that day.

"Subsidiary" means, with respect to any Person, any other Person more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person; provided, that with respect to the Company, Subsidiaries shall include any Person more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Termination Date" means the Original Termination Date, or such other later date as may result from any extension requested by the Company and consented to by the Canadian Lenders pursuant to Section 2.2.

"Transferee" is defined in Section 17.4.

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

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"U.S. Base Rate" means a rate per annum of interest from time to time announced by the Canadian Administrative Agent as the reference rate used by it for determining interest rates charged on U.S. Dollar commercial loans made in Canada.

"U.S. Commitments" has the meaning of the term "Aggregate Commitment" as defined in the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Fourth Amended and Restated Credit Agreement of even date herewith among the Parent, the U.S. Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Chase Manhattan Bank, as Co-Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified from time to time.

"U.S. Lenders" means the financial institutions listed on the signature pages of the U.S. Credit Agreement and their respective successors and assigns.

"U.S. Loan Documents" means the U.S. Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

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 each Schedule and Exhibit hereto and in each Note, Borrowing Notice, Continuation/Conversion Notice, Canadian Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Canadian Loan Document.

1.3. Cross References. Unless otherwise specified, references in this Agreement and in each other Canadian Loan Document to any Article, Section, Exhibit or Schedule are references to such Article or Section of or Schedule or Exhibit to this Agreement or such other Canadian 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.

1.4. Accounting and Financial Determination. Unless otherwise specified, all accounting terms used herein or in any other Canadian Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder, and all financial statements required to be delivered hereunder or thereunder, shall be prepared in accordance with, the Agreement Accounting Principles.

1.5. Currency References. Unless otherwise specified herein, all dollar amounts expressed herein shall refer to U.S. Dollars. Except as otherwise herein specified, for purposes of calculating compliance with the terms of this Agreement and the other Canadian Loan Documents (including for purposes of calculating compliance with the covenants), any other obligation or calculation shall be converted to its Equivalent Amount in U.S. Dollars.

ARTICLE II

THE FACILITY

2.1. The Facility.

(a) Description of Facility. On the terms and subject to the conditions set forth in this Agreement (including satisfaction of the conditions precedent set forth in Article VII), the Canadian Lenders grant to the Company a revolving credit facility pursuant to which, and upon the terms and conditions herein set out, each Canadian Lender severally agrees to make Loans to the Company in accordance with this Section and Article III.

(b) Facility Amount. In no event may the aggregate principal amount of all outstanding Loans exceed the lesser of the Aggregate Commitment or the Global Borrowing Base and no Canadian Lender shall be obligated to make any Loan hereunder if, after giving effect to such Loan, the sum of the aggregate outstanding principal amount of all Borrowing Base Debt would exceed the Global Borrowing Base; provided that if the Company shall have requested an Advance the proceeds of which will be used to repay outstanding Borrowing Base Debt and so long as no Default or Unmatured Default shall have occurred and be continuing, then, with respect to the calculations set forth in this subsection, such Advance shall not be included within the amount of outstanding Loans and outstanding Borrowing Base Debt until 5:00 p.m. (Central time) on the day of such Advance; provided, further, that the continuation of any Floating Rate Loan or any Eurodollar Loan or the conversion of any Eurodollar Loan into a Floating Rate Loan shall not be deemed to be a borrowing of a Loan for purposes of this subsection or an Advance during the applicable period provided in Section 4.1(a) for the Company to make a mandatory payments because of a Debt Limit Excession; provided, further, that, in the case of a continuation of a Eurodollar Loan during a continuing Debt Limit Excession, such continuation shall only be permitted for a period ending on or prior to the date by which the Company is required to make a mandatory prepayment because of a Debt Limit Excession provided in Section 4.1(a).

(c) All Loans. Subject to the terms and conditions of this Agreement, the Company may borrow, repay and reborrow all Loans made under this Agreement in U.S. Dollars at any time prior to the Termination Date. The obligations of the Canadian Lenders to make Loans shall cease on the Termination Date, and any and all Loans outstanding on such date shall be due and payable on such date.

(d) Revolving Advances. Each Revolving Advance hereunder shall consist of borrowings made from the several Canadian Lenders ratably in proportion to the amounts of their respective Commitments.

2.2. Extension of Termination Date and of Aggregate Commitment.

(a) Subject to the other provisions of this Agreement, the Aggregate Commitment shall be effective for an initial period from the Global Effective Date to the Original Termination Date; provided that the Termination Date, and concomitantly the Aggregate Commitment, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Termination Date. If the Company shall request in an Annual Certificate of Extension delivered to the Global Administrative Agent and the Canadian Administrative Agent concurrently with delivery by the Parent under the U.S. Credit Agreement of the Approved Engineers' Report delivered prior to the then scheduled Termination Date that the Termination Date be extended for one year from the then scheduled Termination Date, then the Canadian Administrative Agent shall promptly notify each Canadian Lender of such request and each Canadian Lender shall notify the Canadian Administrative Agent, no later than the next date by which each Canadian Lender is required, pursuant to Section 2.3(a) of the U.S. Credit Agreement, to approve or disapprove the Engineering Banks' determination of the Global Borrowing Base, and whether such Canadian Lender, in the exercise of its sole discretion, will extend the Termination Date for such one year period. Any Canadian Lender which shall not timely notify the Canadian Administrative Agent whether it will extend the Termination Date shall be deemed to not have agreed to extend the Termination Date. No Canadian Lender shall have any obligation whatsoever to agree to extend the Termination Date. Any agreement to extend the Termination Date by any Canadian Lender shall be irrevocable, except as provided in Section 2.2(c).

(b) If all the Canadian Lenders notify the Canadian Administrative Agent pursuant to clause (a) of this Section 2.2 of their agreement to extend the Termination Date, then the Canadian Administrative Agent shall so notify the Global Administrative Agent, each Canadian Lender and the Company, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If Canadian Lenders constituting at least the Required Lenders approve the extension of the then scheduled Termination Date (such Canadian Lenders agreeing to extend the Termination Date herein called the "Accepting Lenders"), and if one or more of the Canadian Lenders shall notify, or be deemed to notify, the Canadian Administrative Agent pursuant to clause (a) of this Section 2.2 that they will not extend the then scheduled

Termination Date (such Canadian Lenders herein called the "Declining Lenders"), then (A) the Canadian Administrative Agent shall promptly so notify the Company and the Accepting Lenders, (B) the Accepting Lenders shall, upon the Company's election to extend the then scheduled Termination Date in accordance with clause (i) or (ii) below, extend the then scheduled Termination Date and (C) the Company shall pursuant to a notice delivered to the Global Administrative Agent, the Canadian Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth day following the date by which each Canadian Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Aggregate Commitment, either:

(i) elect to extend the Termination Date with respect to the Accepting Lenders and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Termination Date except for the operation of this Section 2.2. On such date, (x) the Company shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Global Administrative Agent and the Canadian Administrative Agent and (y) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Canadian Lender hereunder for all purposes, other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Section 15.8, and the Canadian Administrative Agent shall promptly notify the Accepting Lenders, the Global Administrative Agent and the Company of the new Aggregate Commitment; or

(ii) elect to extend the Termination Date with respect to the Accepting Lenders and, prior to or no later than the then scheduled Termination Date, (A) to replace one or more of the Declining Lender or Declining Lenders with another lender or lenders reasonably acceptable to the Canadian Administrative Agent and the Global Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x) the Replacement Lender or Replacement Lenders shall purchase, and the Declining Lender or Declining Lenders shall sell, the Notes of the Declining Lender or Declining Lenders being replaced and the Declining Lender's or Declining Lenders' rights hereunder without recourse or expense to, or warranty by, such Declining Lender or Declining Lenders being replaced for a purchase price equal to the aggregate outstanding principal amount of the Note or Notes payable to such Declining Lender or Declining Lenders plus any accrued but unpaid interest on such Note or Notes and accrued but unpaid fees in respect of such Declining Lender's or Declining Lenders' Loans and Commitments hereunder, and (y) all obligations of the Company owing under or in connection with this Agreement to the Declining Lender or Declining Lenders being replaced (other than with respect to the Notes, but including, without limitation, such increased costs, breakage fees payable under Section 6.3 and all other costs and expenses payable to each such Declining Lender) shall be paid in full in immediately available funds to such Declining Lender or Declining Lenders concurrently with such replacement, and (z) upon the payment of such amounts referred to in clauses (x) and (y), the Replacement Lender or Replacement Lenders shall each constitute a Canadian Lender hereunder and the Declining Lender or Declining Lenders being so replaced shall no longer constitute a Canadian Lender (other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Section 15.8; or

(iii) elect to revoke and cancel the extension request in such Annual Certificate of Extension by giving notice of such revocation and cancellation to the Global Administrative Agent and the Canadian Administrative Agent (which shall promptly notify the Canadian Lenders thereof) no later than the tenth day following the date by which each Canadian Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Termination Date, and concomitantly the Aggregate Commitment.

If the Company fails to timely provide the election notice referred to in this clause(c), the Company shall be deemed to have revoked and cancelled the extension request in the Annual Certificate of Extension and to have elected not to extend the Termination Date, and the concomitant Aggregate Commitment, with respect to the Accepting Lenders, and, on the then scheduled Termination Date, the Company shall repay in full all Obligations under the Canadian Loan Documents.

2.3. [Intentionally Omitted].

2.4. Facility Fee; Other Fees.

(a) Facility Fee. The Company agrees to pay to the Canadian Administrative Agent for the account of each Canadian Lender a facility fee for the period from (and including) the date hereof to the Termination Date, at the applicable rates per annum set forth in Schedule A based on the applicable Rating Level on such Canadian Lender's ratable portion of the Aggregate Commitment as in effect from time to time.

Facility fees accruing pursuant to this Section 2.4(a) shall be payable in arrears on each Payment Date hereafter and on the Termination Date. The effective date for any change in the Facility Fees accruing pursuant to this Section 2.4(a) shall be any date on which a change in the applicable Rating Level occurs.

(b) Agents' Fees. The Company shall pay to each Agent for its own respective account such fees in connection with this Agreement as previously have been agreed in writings between the Company and any such Agent (as such writings may hereafter be amended, supplemented, restated or otherwise modified and in effect).

ARTICLE III

BORROWING; SELECTING RATE OPTIONS; ETC.

3.1. Method of Borrowing. Not later than 3:00 p.m. (Toronto time) on each Borrowing Date for Loans, each Canadian Lender shall make available its Loan or Loans, in funds immediately available in Toronto, to the Canadian Administrative Agent at its address specified pursuant to Article XVIII. The Canadian Administrative Agent will make the funds so received from the Canadian Lenders with respect to Loans available to the Company at the Canadian Administrative Agent's aforesaid address.

3.2. Maximum Interest. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of the Company to a Canadian Lender or any Agent 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 Canadian Lender or Agent limiting rates of interest which may be charged or collected by such Canadian Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to a Canadian Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Canadian Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Canadian Loan Document but subject to Section 3.8 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other Canadian Loan Document, it is agreed as follows:

(a) the provisions of this Section 3.2 shall govern and control;

(b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Canadian Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such

maximum lawful interest rate, if any, with respect to each Canadian Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to the Company by such Canadian Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to the Company);

(c) all sums paid, or agreed to be paid, to such Canadian Lender or Agent for the use, forbearance and detention of the indebtedness of the Company to such Canadian Lender or Agent hereunder or under any Canadian Loan Document shall, to the extent permitted by laws applicable to such Canadian Lender or Agent, as the case may be, 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;

(d) if at any time the interest provided pursuant to this Section 3.2 or any other clause of this Agreement or any other Canadian Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Canadian Loan Document and deemed interest under laws applicable to such Canadian Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such Canadian Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Canadian Loan Document, 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 Canadian Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other Canadian Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Canadian Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section 3.2), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section 3.2; and

(e) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Canadian Loan Documents) by such Canadian Lender or Agent would cause such Canadian Lender to charge the Company a criminal rate of interest, the Canadian Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Canadian Lender or Agent, as applicable, and if received such affected Canadian Lender or Agent will return such funds to the Company so that the rate of interest paid by the Company shall not exceed a criminal rate of interest from the date this Agreement was entered into.

3.3. Method of Selecting Rate Options and Interest Periods for Loans. The Company shall select the Rate Option and Interest Period applicable to each Revolving Advance from time to time. The Company shall give the Canadian Administrative Agent irrevocable notice (a "Borrowing Notice") not later than (a) noon (Toronto time) on the Borrowing Date of each Floating Rate Advance, and (b) 1:00 p.m. (Toronto time) at least three (3) Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) that the Borrowing Notice is delivered under this Agreement,
- (ii) the Borrowing Date, which shall be a Business Day, of such Revolving Advance,
- (iii) the aggregate amount of such Revolving Advance,
- (iv) the Rate Option selected for such Revolving Advance, and
- (v) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Each Eurodollar Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined from time to time as applicable to such Eurodollar Advance. The Company shall select Interest Periods with respect to Eurodollar Advances so that it is not necessary to pay a Eurodollar Advance prior to the last day of the applicable Interest Period in order to make the mandatory repayment on the Termination Date.

3.4. [Intentionally Omitted].

3.5. Minimum Amount of Each Advance. Each requested Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof); provided, however, that any Floating Rate Advance may be in the amount of the difference between (i) the Global Borrowing Base minus (ii) the aggregate principal amount of Borrowing Base Debt.

3.6. Continuation and Conversion Elections. By providing a Continuation/Conversion Notice to the Canadian Administrative Agent on or before 1:00 p.m. (Toronto time), in the case of a Eurodollar Loan, or noon (Toronto time), in the case of a Floating Rate Loan, on a Business Day, the Company may from time to time irrevocably elect, on, in the case of a Eurodollar Loan, not less than three nor more than five, and in the case of a Floating Rate Loan not less than one or more than three, Business Days' notice, that all, or any portion in an aggregate minimum amount of \$5,000,000 and an integral multiple of \$1,000,000 or the remaining balance of any Loans be, in the case of Floating Rate Loans converted into Eurodollar Loans or, in the case of Eurodollar Loans converted into Floating Rate Loans or continued as Eurodollar Loans (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 Floating Rate Loan); provided, however, that no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, a Eurodollar Advance when any Default has occurred and is continuing.

3.7. Telephonic Notices. The Company hereby authorizes the Canadian Lenders and the Canadian Administrative Agent to extend Advances, and effect Rate Option selections based on telephonic notices made by any Person or Persons the Canadian Administrative Agent or any Canadian Lender in good faith believes to be acting on behalf of the Company. The Company agrees to deliver promptly to the Canadian Administrative Agent a written confirmation of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Canadian Administrative Agent and the Canadian Lenders, the records of the Canadian Administrative Agent and the Canadian Lenders shall govern absent manifest error.

3.8. Rate after Maturity. Except as provided in the next sentence, any Advance not paid at maturity, whether by acceleration or otherwise, shall bear interest until paid in full at a rate per annum equal to the Alternate Base Rate plus 2%. In the case of a Eurodollar Advance the maturity of which is accelerated, such Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period, at the higher of (i) the rate (including the Eurodollar Spread) otherwise applicable to such Interest Period plus 2% per annum or (ii) the Alternate Base Rate plus 2% per annum.

3.9. Interest Payment Dates; Determination of Interest and Fees.

(a) Interest Payment Dates. Interest accrued and unpaid on each Floating Rate Advance shall be payable on each Payment Date and on any date on which such Floating Rate Advance is paid or prepaid, whether due to acceleration or otherwise. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period and on any date on which such Eurodollar Advance is prepaid, whether due to acceleration or otherwise. Interest accrued on each Eurodollar Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period.

(b) Determination of Interest and Fees. Interest on any Advance or portion thereof bearing interest at the Alternate Base Rate and facility fees shall be calculated for actual days elapsed on the basis of a 365- or, if applicable,

366-day year, and all other interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Any change in the Eurodollar Spread attributable to a change in the Debt/Capitalization Ratio, if any, shall be effective on the forty-fifth (45th) day following the end of the calendar quarter in which occurred a change in Debt/Capitalization Ratio. Any change in the Eurodollar Spread attributable to a change in the Company's applicable Rating Level, if any, shall be effective on the same day as such change in the Company's applicable Rating Level.

(c) Interest Act Waiver. To the extent permitted by applicable law, any provision of the Interest Act (Canada) or the Judgment Interest Act (Alberta) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Company.

(d) Nominal Rate. The theory of deemed reinvestment shall not apply to the calculation of interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Agreement, in any Note, acceptance or other evidence of indebtedness or in any other Canadian Loan Document now or hereafter taken by any Agent or any Canadian Lender for the obligations of the Company under this Agreement, or any other instrument referred to herein, and all interest and fees payable by the Company to the Canadian Lenders, shall accrue from day to day, computed as described herein in accordance with the "nominal rate" method of interest calculation.

(e) Interest Act. Where, in this Agreement, a rate of interest or fees is to be calculated on the basis of a 360-day year, such rate is, for the purpose of the Interest Act (Canada), equivalent to the said rate (i) multiplied by the actual number of days in the one year period beginning on the first day of the period of calculation and (ii) divided by 360.

3.10. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Canadian Administrative Agent will notify each Canadian Lender of the contents of each commitment reduction notice (pursuant to Section 4.5), Borrowing Notice, Continuation/Conversion Notice, and repayment notice received by it hereunder. The Canadian Administrative Agent will notify each Canadian Lender of the Eurodollar Rate applicable to each Eurodollar Advance promptly upon determination of such Eurodollar Rate and will give each Canadian Lender prompt notice of each change in the Alternate Base Rate. The Global Administrative Agent agrees to furnish timely information for the purpose of determining the Eurodollar Rate.

3.11. Non-Receipt of Funds by the Canadian Administrative Agent. Unless the Company or a Canadian Lender, as the case may be, notifies the Canadian Administrative Agent prior to the date on which it is scheduled to make payment to the Canadian Administrative Agent of (i) in the case of a Canadian Lender, the proceeds of a Loan or (ii) in the case of the Company, a payment of principal, interest, fees or other amounts to the Canadian Administrative Agent for the account of the Canadian Lenders or any Agent, that it does not intend to make such payment, the Canadian Administrative Agent may assume that such payment has been made. The Canadian Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Canadian Lender or the Company, as the case may be, has not in fact made such payment to the Canadian Administrative Agent, the recipient of such payment shall, on demand by the Canadian Administrative Agent, repay to the Canadian Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Canadian Administrative Agent until the date the Canadian Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Canadian Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by the Company, the interest rate applicable to the relevant Loan or, in the case of payments in respect of interest, fees or other amounts, at a rate equal to the Alternate Base Rate.

ARTICLE IV

MANDATORY PAYMENTS; REDUCTIONS OF COMMITMENTS; ETC.

4.1. Mandatory Prepayments.

- (a) Mandatory Prepayments. To the extent that other payments have not been made to remedy the conditions described below, the Company shall:
- (i) if a Debt Limit Excession has occurred and is continuing, within 120 days, unless otherwise provided below, and prior to any payment (other than any scheduled payment) of any other Borrowing Base Debt make a mandatory prepayment on the Loans in an amount equal to the amount necessary to eliminate any such Debt Limit Excession together with all interest accrued on the amount of such prepayment to the date thereof;
 - (ii) in the event of the issuance, assumption or creation of Borrowing Base Debt on any day which would cause a Debt Limit Excession effective as of 5:00 p.m. (Central time) on such day, immediately, and in any event before 5:00 p.m. (Central time), on such day make a mandatory prepayment on the Loans in an amount equal to the lesser of (x) the amount which would be necessary to eliminate such a Debt Limit Excession or (y) the aggregate principal amount of such Borrowing Base Debt issued, assumed or created on such day; and
 - (iii) upon the consummation of any Sale of any Property or any Borrowing Base Subsidiary of the Parent constituting (and designated by the Parent in a notice to the Global Administrative Agent as constituting) a permitted Sale under clause (iii) or (iv) of Section 11.3 of the U.S. Credit Agreement which results in a Debt Limit Excession, promptly, and in any event within three (3) Business Days thereof, make a mandatory prepayment on the Loans in the amount necessary to eliminate such Debt Limit Excession.

Notwithstanding that the Company shall have the period in which to make any mandatory prepayment specified in this Section 4.1(a), (i) the Company shall not be entitled to borrow Loans during such period except as provided under Section 2.1(b) and (ii) the Company shall make all other prepayments and payments required under or in connection with this Agreement; provided, that for purposes of the foregoing provisions of this sentence the continuation of any Floating Rate Loan or any Eurodollar Loan or the conversion of an outstanding Eurodollar Loan into a Floating Rate Loan during such period shall be deemed not to be the borrowing of a Loan; provided, however, that in the case of a continuation of a Eurodollar Loan during a continuing Debt Limit Excession, such continuation shall only be permitted for a period ending on or prior to the date provided in this Section by which the Company is required to make a mandatory prepayment because of a Debt Limit Excession.

(b) Application of Mandatory Prepayments. Each mandatory prepayment made under this Section 4.1 shall be applied (i) first, ratably among the Canadian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due.

4.2. Voluntary Prepayments. The Company may from time to time, at its option, prepay outstanding Advances, upon three (3) Business Days' prior notice to the Canadian Administrative Agent in the case of a Eurodollar Advance, or upon one (1) Business Day's prior notice to the Canadian Administrative Agent in the case of a Floating Rate Advance; provided that each such prepayment shall be in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof without penalty or premium, except that if such prepayment of a Eurodollar Loan occurs prior to a last day of any applicable Interest Period, the Company shall also pay the amount specified in Section 6.3 at the time of such prepayment. Such prepayments shall be applied, at the Company's option, against outstanding Loans and against installments or amounts due on account thereof in such order of application as the Company shall direct; provided, that if the Company fails to direct an order of application at or prior to the time of such notice of prepayment, then such prepayments shall be applied (i) first, ratably among the Canadian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due; provided, further, that if, at the time of any such prepayment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such prepayment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and

currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default.

4.3. Method of Payment. All payments of principal, interest, and fees hereunder shall be made by 1:00 p.m. (Toronto time) on the date when due in immediately available funds to the Canadian Administrative Agent at the Canadian Administrative Agent's address specified pursuant to Article XVIII, or at any other single Lending Installation of the Canadian Administrative Agent specified not less than five (5) days prior to the date when due in writing by the Canadian Administrative Agent to the Company and shall be applied (i) first, ratably among the Canadian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due; provided, however, that, if, at the time of any such payment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such payment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default. As between the Company and any Canadian Lender, the timely receipt of any payment by the Canadian Administrative Agent from the Company for the account of such Canadian Lender shall constitute receipt by such Canadian Lender. Each payment delivered to the Canadian Administrative Agent for the account of any Canadian Lender shall be delivered promptly by the Canadian Administrative Agent to such Canadian Lender in the same type of funds which the Canadian Administrative Agent received at its address specified pursuant to Article XVIII or at any Lending Installation specified in a notice received by the Canadian Administrative Agent from such Canadian Lender. Each of the Company and the Canadian Administrative Agent shall be deemed to have complied with this Section 4.3 with respect to any payment if it shall have initiated a wire transfer to the appropriate recipient thereof and furnished such recipient with the identifying number of such wire transfer.

4.4. Notes. Each Canadian Lender is hereby authorized to record the principal amount of each of its Loans and each repayment thereof, on the schedule attached to each of its Notes, provided, however, that the failure to so record shall not affect the Company's obligations under any such Note.

4.5. Voluntary Reductions of Commitments. The Company may permanently reduce the Aggregate Commitment in whole, or in part, ratably among the Canadian Lenders, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof; provided, however, that the amount of the Aggregate Commitment may not be reduced to an amount which would cause it to be less than the outstanding principal amount of the Loans. All accrued facility fees shall be payable on the effective date of any such reduction or termination of the Aggregate Commitment.

4.6. Voluntary and Mandatory Prepayments. Any prepayments of principal of the Loans, whether voluntary or mandatory, shall include accrued interest to, but not including, the date of the prepayment on the principal amount being prepaid.

ARTICLE V

[Intentionally Omitted].

ARTICLE VI

CHANGE IN CIRCUMSTANCES; TAXES

6.1. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any reasonable interpretation thereof, or compliance of any Canadian Lender with such,

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

(b) imposes any other condition the result of which is to increase the cost to any Canadian Lender or any applicable Lending Installation of making, funding or maintaining Loans or reduces any amount receivable by any Canadian Lender or any applicable Lending Installation in connection with Loans, or requires any Canadian Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans held or interest received, by an amount reasonably deemed material by such Canadian Lender,

then, within 15 days of demand by such Canadian Lender, the Company shall pay such Canadian Lender that portion of such increased expense incurred or reduction in an amount received which such Canadian Lender reasonably determines is attributable to making, funding and maintaining its Loans and its Commitment.

6.2. Availability of Rate Options. If any Canadian Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, (i) the Canadian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to such Canadian Lender until such time as such situation is no longer the case, (ii) any Eurodollar Loans from such Canadian Lender then outstanding shall bear interest at the Alternate Base Rate for the remainder of the Interest Period applicable to such Loan and (iii) until such time as such situation is no longer the case, any Eurodollar Advance made thereafter shall consist of a Floating Rate Loan made by such Canadian Lender(s) and Eurodollar Loans made by each other Canadian Lender. If the Required Lenders reasonably determine that deposits of a type or maturity appropriate to match fund Eurodollar Advances are not available, the Canadian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made after the date of any such determination until such time as such situation is no longer the case. If the Required Lenders determine that the Eurodollar Rate does not accurately reflect the cost of making a Eurodollar Advance at such Eurodollar Rate, then, if for any reason whatsoever the provisions of Section 6.1 are inapplicable, the Canadian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made on or after the date of any such determination until such time as such situation is no longer the case and shall require any outstanding Eurodollar Advances to be repaid.

6.3. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment, conversion or otherwise (except pursuant to Section 6.2), or a Eurodollar Advance is not made on the date specified by the Company for any reason other than default by the Canadian Lenders, the Company will indemnify each Canadian Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance (net of any cost or expense, unless Section 6.1, 6.5 or 6.6 is applicable thereto, which the Canadian Lender would have incurred with respect to such Eurodollar Advance had such prepayment or failure to fund not occurred).

6.4. Lending Installations. Each Canadian Lender may book its Loans at any Lending Installation selected by such Canadian Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Canadian Lender for the benefit of such Lending Installation. Each Canadian Lender may, by written or telex or facsimile notice to the Canadian Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made. To the extent reasonably possible, each Canadian Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Company to such Canadian Lender under Sections 6.1, 6.5 and 6.6 or to avoid the unavailability of a Rate Option under Section 6.2, so long as such designation is not disadvantageous to such Canadian Lender in the sole opinion of such Canadian Lender.

6.5. 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 Canadian Lender or any Person controlling such Canadian Lender, and such Canadian Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Loans made by such Canadian Lender is reduced to a level below that which such Canadian Lender, or such controlling Person, as the case may be, could have achieved but for the occurrence of any such circumstance (taking into account such Person's policies as to capital adequacy), then, in any such case upon notice from time to time by such Canadian Lender to the Company, the Company shall immediately pay directly to such Canadian Lender additional amounts sufficient to compensate such Canadian Lender or such controlling Person for such reduction in rate of return. A statement of such Canadian Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Company. In determining such amount, such Canadian Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

6.6. Taxes. All payments by the Company or any Guarantor of principal of, and interest on, the Loans and all other amounts payable hereunder and in connection herewith 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 Agent's or any Canadian Lender's, as applicable, 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 Company or any Guarantor hereunder or under any Canadian Loan Document is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Company will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Canadian Administrative Agent an official receipt or other documentation satisfactory to the Canadian Administrative Agent or the relevant Agent or Canadian Lender evidencing such payment to such authority; and

(c) pay to the Canadian Administrative Agent for the account of the Agents and the Canadian Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Agent and Canadian Lender will equal the full amount such Agent or Canadian Lender would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Agent or any Canadian Lender, with respect to any payment received by it hereunder or in connection herewith, the relevant Agent or Canadian Lender may pay such Taxes and the Company 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 equal the amount such Person would have received had such Taxes not been asserted.

If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Canadian Administrative Agent, for the account of the respective Agents and Canadian Lenders, the required receipts or other required documentary evidence, the Company shall indemnify the Agents and the Canadian Lenders for any incremental Taxes, interest or penalties that may become payable by any Agent or Canadian Lender as a result of any such failure. For purposes of this Section 6.6, a distribution hereunder by the Canadian Administrative Agent or any other Agent or any Canadian Lender to or for the account of any Agent or Canadian Lender shall be deemed a payment by the Company.

6.7. Canadian Lender Statements; Survival of Indemnity; Substitution of Canadian Lenders; Limitation on Claims by Canadian Lenders. Each Agent and Canadian Lender shall deliver to the Company and the Canadian

Administrative Agent a written statement of such Agent or Canadian Lender, as the case may be, as to the amount due, if any, under Sections 6.1, 6.3, 6.5 or 6.6. Such written statement shall set forth in reasonable detail the calculations upon which such Agent or Canadian Lender, as the case may be, determined such amount and shall be final, conclusive and binding on the Company in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Canadian Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable on demand after receipt by the Company of the written statement. The obligations of the Company under Sections 6.1, 6.3, 6.5 and 6.6 shall survive payment of the Obligations and termination of this Agreement. In the event that any Canadian Lender shall deliver to the Company and the Canadian Administrative Agent a written statement as to an amount due under Section 6.1, 6.3, 6.5 or 6.6, the Company may, at its sole expense and effort, require such Canadian Lender to transfer and assign (in accordance with Section 17.3, without recourse, all of its interests, rights and obligations under this Agreement to an assignee which shall assume such assigned obligations (which assignee may be another Canadian Lender, if a Canadian Lender accepts such assignment); provided that (i) such assignment shall not conflict with any law, rule or regulation or order of any court or other governmental authority, (ii) the Company shall have received a written consent of the Canadian Administrative Agent and the Arrangers in the case of an entity that is not a Canadian Lender, which consent shall not be unreasonably withheld, (iii) the Company or such assignee shall have paid to the assigning Canadian Lender in immediately available funds the principal of and interest accrued to the date of such payment on the Loans made by it hereunder and all other amounts owed to it hereunder and the fee payable to the Canadian Administrative Agent pursuant to Section 17.3(b) and (iv) that nothing in the foregoing is intended or shall be construed as obligating any Canadian Lender to locate such an assignee. The Company shall not be required to pay to any Canadian Lender any amount under Section 6.1, 6.3, 6.5, or 6.6 in respect of any time or period more than twelve months prior to the time such Canadian Lender notifies or bills the Company of or for such amount.

6.8. [Intentionally Omitted].

6.9. Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. The Company or any Guarantor shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of the Company or any Guarantor or otherwise howsoever), such payment shall constitute a discharge of the liability of the Company or such Guarantor hereunder and under the other Canadian Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Canadian Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the Business Day next preceding the day on which judgment is given and in any event the Company or a Guarantor shall be obligated to pay the Agents and the Canadian Lenders any deficiency in accordance with Section 6.9(a). For the foregoing purposes "rate of exchange" means the rate at which the relevant Canadian Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Canadian Lender or the Agent receives any payment or payments on account of the liability of the Company or any Guarantor hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Canadian Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such

payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then the Company or the Guarantor on demand shall, and the Company or the Guarantor hereby agree to, indemnify and save the Canadian Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 6.9(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Canadian Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

ARTICLE VII

CONDITIONS PRECEDENT

7.1. Conditions of Effectiveness. The effectiveness of this Agreement and the obligation of each Canadian Lender to make Loans hereunder, are subject to the conditions precedent that the following documents have been furnished to the Global Administrative Agent and the Canadian Administrative Agent, each in form and substance satisfactory to each of the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers, and each (except for the Notes, of which only one original of each type shall be signed for each Canadian Lender) in sufficient number of duly executed signed counterparts (or photocopies thereof) to provide one for the Global Administrative Agent, the Canadian Administrative Agent, the Arrangers and each Canadian Lender:

(i) Copies of the Articles of Incorporation of the Company, together with all amendments, and certificates of good standing, all of the foregoing certified by the appropriate governmental officer in its jurisdiction of incorporation and, in the case of certificates of good standing, in each jurisdiction in which its business is conducted.

(ii) Copies, certified by the Secretary or Assistant Secretary of the Company of its by-laws and of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Global Administrative Agent and the Canadian Administrative Agent) authorizing the execution, delivery and performance of the Canadian Loan Documents.

(iii) Incumbency certificates, executed by the Secretary or Assistant Secretary of the Company, which shall identify by name and title and bear the signature of the officers of the Company authorized to sign the Canadian Loan Documents and to make borrowings hereunder, upon which certificate the Agents and the Canadian Lenders shall be entitled to rely until informed of any change in writing by the Company.

(iv) Written opinions of the Company's counsel acceptable to each of the Agents and the Arrangers, addressed to the Agents and the Canadian Lenders, in substantially the form of Exhibit B hereto, with such modifications, additions, alterations, exceptions, assumptions and provisions as shall be acceptable to each of the Agents and the Arrangers.

(v) The Notes payable to the order of each of the Canadian Lenders.

(vi) A certificate of an Authorized Officer of the Company, satisfactory to each of the Agents and the Arrangers, regarding insurance maintained by the Company.

(vii) The Parent Guaranty.

(viii) The opinion of Burnet, Duckworth & Palmer, special counsel to the Canadian Administrative Agent, the Global Administrative Agent and the Arrangers, addressed to the Agents and the Canadian Lenders, substantially in the form of Exhibit F hereto.

(ix) The Global Effectiveness Notice.

(x) A certificate, signed by an Authorized Officer of the Company, stating that on the Global Effective Date no Default or Unmatured Default has occurred and is continuing.

(xi) Copies of the executed Australian Credit Agreement and the other Australian Loan Documents, the executed U.S. Credit Agreement and the other U.S. Loan Documents, the executed Intercreditor Agreement and the executed Indemnity Agreements.

(xii) Evidence that all Obligations of the Company and its Subsidiaries under that certain Credit Agreement, dated as of May 17, 1995 (as amended, the "Existing Credit Agreement"), among the Company, the various financial institutions as are or may become parties thereto and Bank of Montreal, as Agent, shall have been (or shall simultaneously be) repaid, and all commitments thereunder shall have been (or shall simultaneously with the initial Loan be) cancelled; provided, however, that the Company may be required to pay at a later date break funding or similar losses or costs required pursuant to the Existing Credit Agreement by reason of repayment of advances thereunder prior to maturity thereof.

(xiii) Such other instruments and documents as any of the Arrangers or the Agents or their counsel may have reasonably requested.

The effectiveness of this Agreement and the obligation of each Canadian Lender to make Loans hereunder, are further conditioned upon the Agents having received the fees to be received as set forth in Section 2.4(b) on or prior to the Global Effective Date.

7.2. Each Advance. The Canadian Lenders shall not be required to make any Advance unless on the applicable Borrowing Date:

(a) There exists no Default or Unmatured Default.

(b) There exists no Debt Limit Excession and the Company represents and warrants to the Canadian Administrative Agent and Global Administrative Agent that, immediately before and after such Advance, there exists no Debt Limit Excession other than a Debt Limit Excession permitted pursuant to the first proviso to Section 2.1(b).

(c) The representations and warranties contained in Article VIII, including in Sections 8.3 and 8.7, or contained in any other Canadian Loan Document are true and correct as of such Borrowing Date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement.

(d) All legal requirements arising under or in connection with the Canadian Loan Documents or applicable laws, rules or regulations and incident to the making of such Advance shall be satisfactory to the Agents and the Arrangers and their respective counsel.

(e) No event, occurrence, action, inaction or other item shall have occurred which results in a Material Adverse Effect.

Each Borrowing Notice and Continuation/Conversion Notice with respect to each Advance shall constitute a representation and warranty by the Company that the conditions contained in Sections 7.2(a), (b), (c) and (d) have been satisfied and, that after giving effect to such Advance and the assignment or application of the proceeds thereof, the sum

of the aggregate outstanding principal amount of all Borrowing Base Debt will not exceed the Global Borrowing Base except as permitted in Section 2.1(b).

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Canadian Lenders and the Agents that:

8.1. Corporate Existence and Standing. The Company is a corporation, and each Subsidiary is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted.

8.2. Authorization and Validity. The Company and each Subsidiary has the corporate or partnership power and authority and legal right to execute and deliver the Canadian Loan Documents and to perform its respective obligations thereunder. The execution and delivery by the Company and each Subsidiary of the Canadian Loan Documents to which it is a party and the performance of the Company's and such Subsidiary's obligations thereunder have been duly authorized by proper corporate or partnership proceedings, and the Canadian Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of the Company and each Subsidiary party thereto, in each case enforceable against the Company and such Subsidiary in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

8.3. No Conflict; Government Consent. Neither the execution and delivery by the Company and each Subsidiary of the Canadian Loan Documents nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any Subsidiary or the Company's or any Subsidiary's articles of incorporation or by-laws or partnership agreement or the provisions of any indenture, instrument or agreement to which the Company or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on all or any part of the property of the Company or any Subsidiary. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Canadian Loan Documents.

8.4. Financial Statements. The consolidated (i) financial statements of the Parent and its Subsidiaries dated December 31, 1995, and (ii) report and accompanying financial statements of the Company and its Subsidiaries dated December 31, 1995, heretofore delivered to the Canadian Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition of the Parent, the Company and their respective Subsidiaries at such date and the consolidated results of their operations for the period then ended.

8.5. Material Adverse Change. Since December 31, 1995, there has been no change in the business, assets, properties, operations, condition (financial or otherwise) or results of operations or prospects of the Company and its Subsidiaries or any legal or regulatory development which results in a Material Adverse Effect.

8.6. Taxes. The Company and the Subsidiaries have filed all federal and provincial tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The income tax returns of the Company and the Subsidiaries have

been audited by either Revenue Canada-Taxation or the Internal Revenue Service or, if no audit was performed, the statute of limitations permitting such an audit has run, through the fiscal year ended December 31, 1988. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any taxes or other governmental charges are adequate.

8.7. Litigation and Guaranteed Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Company or any Subsidiary which results in a Material Adverse Effect. The Company and its Subsidiaries have no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 8.4.

8.8. Subsidiaries. Schedule 8.8 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Borrowing Base Subsidiaries, of the Company as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock, or the revenue share attributable to the general and limited partnership interests, as the case may be, owned by the Company or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

8.9. Unfunded Pension Liabilities. The unfunded pension or similar liabilities of the Company and its Subsidiaries do not in the aggregate exceed \$7,000,000.

8.10. Accuracy of Information. No information, exhibit or report furnished by the Parent, the Company or any Subsidiary to any Agent or to any Canadian Lender in connection with the negotiation of, or compliance with, the Canadian Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

8.11. [Intentionally Omitted].

8.12. Material Agreements. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default would result in a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness which default would result in a Material Adverse Effect.

8.13. Compliance With Laws. The Company and the Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective Properties. Neither the Company nor any of the Subsidiaries has received any notice to the effect that it, its operations or the Properties are not in material compliance with any of the requirements of applicable federal, provincial, state or local environmental, health and safety statutes and regulations, or are the subject of any federal, provincial, state or local investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, whether from the Properties or elsewhere, which in any case would result in a Material Adverse Effect.

8.14. Title to Properties. Each of the Company and the Subsidiaries has defensible title to substantially all of its properties and assets, whether legal or beneficial, free and clear of any and all Liens other than those Liens permitted by Section 11.5. The 1996 Engineers' Report refers to and covers all of the reserves in the Properties as of the Global Effective Date and such Report covers no reserves other than in such Properties.

8.15. Investment Company Act. 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.

8.16. Public Utility Holding Company Act. Neither the Company nor any Subsidiary is 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.

8.17. Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Company and its Subsidiaries to its employees and former employees, as estimated by the Company in accordance with procedures and assumptions deemed reasonable by the Agents, does not exceed \$3,000,000.

8.18. Solvency. As of the Global Effective Date, (i) the Company is Solvent, (ii) the Company and its Consolidated Subsidiaries of the Company on a consolidated basis are Solvent, and (iii) each Guarantor and its Consolidated Subsidiaries on a consolidated basis are Solvent.

8.19. Environmental Warranties. In the ordinary course of its business, the Company conducts an ongoing review of the effect of Environmental Laws on the business, operations and Properties of the Company and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up or closure of Properties presently owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Company has reasonably concluded that, except as disclosed in writing by the Company to the Canadian 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 Company or any Subsidiary have been, and continue to be, owned, leased or operated by the Company or any Subsidiary in material compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or inquiries to, or requests for information received by, the Company or any Subsidiary with respect to any alleged violation of any Environmental Law that, singly or in the aggregate, result in a Material Adverse Effect, or

(ii) claims, complaints, notices or inquiries to, or requests for information received by, the Company 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect; or

(iii) Governmental or court orders, including, without limitation, stop, clean up or preventative orders, directions or action requests which have been received by the Borrower or any Subsidiary or of which the Borrower or any Subsidiary is otherwise aware, relating to environmental matters requiring any work, repair, remediation, clean up, construction or capital expenditures that have or could 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(d) the Company 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 or desirable for their businesses except where failure to comply would not have a Material Adverse Effect;

(e) no property now or previously owned, leased or operated by the Company or any Subsidiary is listed or proposed for listing on any federal, provincial 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(g) none of the Company 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 any federal, provincial or state list or which is the subject of federal, provincial, state or local enforcement actions or other investigations which may lead to material claims against the Company or such Subsidiary for any remedial work, damage to natural resources or personal injury which, singly or in the aggregate, results in a Material Adverse Effect;

(h) there are no polychlorinated biphenyls, radioactive materials or friable asbestos present at any property now or previously owned or leased by the Company or any Subsidiary that, singly or in the aggregate, results in a Material Adverse Effect; and

(i) no condition exists at, on or under any property now or previously owned or leased by the Company 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 results in a Material Adverse Effect.

ARTICLE IX

AFFIRMATIVE COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

9.1. Financial Reporting. The Company will maintain a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish, or assist the Parent in furnishing, to the Global Administrative Agent, the Canadian Administrative Agent and the Canadian Lenders:

(a) As soon as available and in any event within 90 days after the close of each of its fiscal years, a copy of the report for such year and accompanying financial statements, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, all prepared in accordance with generally accepted accounting principles and signed by an Authorized Officer of the Company, such signature deemed to be a certification (i) such financial statements present fairly in accordance with generally accepted accounting principles the financial position of the Company and its Consolidated Subsidiaries and (ii) no Default, Unmatured Default or Debt Limit Excession has occurred and is continuing.

(b) As soon as available and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for the Company and its Consolidated Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the

end of such quarter, all prepared in accordance with generally accepted accounting principles and signed by an Authorized Officer of the Company, such signature deemed to be a certification that (i) such financial statements present fairly in accordance with generally accepted accounting principles the financial position of the Company and its Consolidated Subsidiaries and (ii) that no Default, Unmatured Default or Debt Limit Excession has occurred and is continuing.

(c) Together with the financial statements required under clauses (a) and (b), a compliance certificate, in substantially the form of Exhibit C hereto, signed by an Authorized Officer of the Parent and an Authorized Officer of the Company and addressing the matters set forth therein.

(d) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event not later than March 15 of the next succeeding calendar year, an Approved Engineers' Report prepared as of December 31 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(e) Promptly after June 30 of each calendar year and in any event not later than September 15 of such calendar year, a Parent's Engineers' Report prepared as of June 30 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(f) Within 45 days in the case of a Parent's Engineers' Report and 60 days in the case of an Approved Engineers' Report, of any request by the Required Lenders in connection with any (other than the scheduled semi-annual redeterminations of the Global Borrowing Base) determination of the Global Borrowing Base pursuant to Section 2.3(a) of the U.S. Credit Agreement, an Approved Engineers' Report or a Parent's Engineers' Report, as the case may be, prepared as of the date of such request, in form and substance satisfactory to the Required Lenders.

(g) Promptly upon the furnishing thereof to the shareholders of the Parent or the Company copies of all financial statements, reports and proxy statements so furnished.

(h) Promptly upon the filing thereof, copies of all publicly available registration statements and annual, quarterly, monthly or other regular reports which the Parent or the Company or any of their Subsidiaries file with the Securities and Exchange Commission or any federal or provincial securities regulatory body in Canada.

(i) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event no later than March 15 of the next succeeding calendar year, a budget (including specific capital expenditures information) through the Termination Date for the Parent and its Subsidiaries certified by an Authorized Officer of the Parent and in a format consistent with the Projections and otherwise in form and substance satisfactory to the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers.

(j) At the request of the Global Administrative Agent, the Canadian Administrative Agent, either Arranger, or the Required Lenders promptly after June 30 of each calendar year, commencing June 30, 1997, and in any event no later than September 15 of such calendar year, an update of the budget described in clause (i) of this Section 9.1 in form and substance satisfactory to the Global Administrative Agent and signed by an Authorized Officer of the Parent.

(k) Promptly and in any event within 40 days after the close of each calendar quarter during each year, a certificate of an Authorized Officer of the Parent certifying to the Global Administrative Agent, the Canadian Administrative Agent and the Canadian Lenders the Debt/Capitalization Ratio and the calculation thereof as of the last day of the immediately preceding calendar quarter.

(1) Such other information (including engineering, financial and non-financial information) as the Global Administrative Agent, the Canadian Administrative Agent, either Arranger or any Canadian Lender may from time to time reasonably request.

9.2. Use of Proceeds. The Company will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of the Company and the Subsidiaries or (ii) for the Company's and the Subsidiaries' general corporate purposes.

9.3. Notice of Default, Unmatured Default, Litigation and Material Adverse Effect. The Company will give prompt notice in writing to the Global Administrative Agent, the Canadian Administrative Agent, the Canadian Lenders and to all Guarantors of (i) the occurrence of any Default or Unmatured Default and the steps, if any, being taken to cure it, (ii) the occurrence of any Debt Limit Excession and the steps, if any, being taken to cure it, (iii) the occurrence of any adverse development with respect to any labor controversy, litigation, action or proceeding described in Section 8.7, or the commencement of any labor, controversy, litigation, action or proceeding of the type described in Section 8.7 together with copies of all material pleadings relating thereto, and (iv) the occurrence of any other development, financial or otherwise, which results in a Material Adverse Effect or might materially adversely affect the ability of the Company to repay the Obligations.

9.4. Conduct of Business. The Company will, and will cause its Subsidiaries to, carry on and conduct its respective business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and, except to the extent permitted by Section 11.2 or Section 11.3, will, and will cause each Subsidiary to, do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a corporation or partnership, as the case may be, in its jurisdiction of incorporation or organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

9.5. Taxes. The Company will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or property, and all lawful claims which, if unpaid, might become a Lien upon any properties of the Company or any Subsidiary, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves in accordance with generally accepted accounting principles have been set aside on its books.

9.6. Insurance. The Company and its Subsidiaries will maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and business against such liabilities, casualties, risks and contingencies and in such types and amounts as customary in the case of corporations engaged in the same or similar businesses and similarly situated. Upon the request of the Global Administrative Agent or the Canadian Administrative Agent, the Company will furnish or cause to be furnished to the Global Administrative Agent and the Canadian Administrative Agent from time to time a summary of the insurance coverage of the Company and its Subsidiaries in form and substance satisfactory to the Required Lenders in their reasonable judgment, and, if requested, will furnish the Global Administrative Agent and the Canadian Administrative Agent copies of the applicable policies. In the case of any fire, accident or other casualty causing loss or damage to any property of the Company or any of its Subsidiaries, the proceeds of such policies will be used (i) to repair or replace the damaged property or (ii) to prepay the Obligations, at the election of the Company.

9.7. Compliance with Laws. The Company will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

9.8. Maintenance of Properties. The Company will and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

9.9. Inspection. The Company will, and will cause each Subsidiary to, permit the Canadian Lenders, by their respective representatives and agents, to inspect any of the properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Canadian Lenders may designate. Any information received by the Canadian Lenders as a result of the foregoing shall be included in information subject to the confidentiality provisions set forth in Exhibit G hereto.

9.10. Operation of Properties. The Company will, and will cause each Subsidiary to, preserve, operate and maintain, or cause to be preserved, operated and maintained, the Properties in a good and workmanlike manner continuously to their economic limit as a prudent operator in accordance with good oil and gas industry standards.

9.11. Delivery of Guaranties. At the request of the Global Administrative Agent or the Canadian Administrative Agent, the Company shall at its own expense from time to time cause (i) each of the Company's Borrowing Base Subsidiaries and (ii) after the occurrence of any Material Adverse Effect or Downgrade Condition, each of the Company's Subsidiaries to deliver to the Canadian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Canadian Administrative Agent may request; provided, however, that no such Non-Borrowing Base Subsidiary shall be required to deliver such a Guaranty if such Non-Borrowing Base Subsidiary is prohibited from delivering such Guaranty pursuant to a contractual obligation, acceptable to the Canadian Administrative Agent, in its reasonable discretion, arising with a Person other than a Subsidiary or an Affiliate of the Company existing as of the date of such request by the Canadian Administrative Agent.

9.12. Environmental Covenant. The Company will, and will cause each Subsidiary to,

(a) use, operate and maintain all of its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws;

(b) (i) promptly notify the Global Administrative Agent and the Canadian Administrative Agent and provide copies upon receipt of all material written claims, complaints, notices, liens or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, (ii) within ninety (90) days have dismissed with prejudice any actions or proceedings relating to compliance with Environmental Laws which could reasonably be expected to result in liability to the Company and its Subsidiaries in excess of ten percent (10%) of the Company's Consolidated Tangible Net Worth and (iii) diligently pursue cure of any material underlying environmental problem which forms the basis of any such claim, complaint, notice, lien, inquiry, proceeding or action; and

(c) provide such information and certifications which either of the Arrangers or the Canadian Administrative Agent may reasonably request from time to time to evidence compliance with this Section 9.12.

9.13. Further Assurances. The Company will cure and will cause its respective Subsidiaries to cure promptly any defects in the creation and issuance of any Obligations and the execution and delivery of the Parent Guaranty or any Guaranty. The Company and each Subsidiary will at its expense promptly execute and deliver to the Global Administrative Agent and the Canadian Administrative Agent upon request all such other and further reasonable documents, agreements and instruments in compliance with, or accomplishment of, the covenants and agreements of the Company and such Subsidiary in any Canadian Loan Document.

ARTICLE X

FINANCIAL COVENANTS

The Company covenants with the Agents and Canadian Lenders that:

10.1. Consolidated Tangible Net Worth. The Parent will maintain Consolidated Tangible Net Worth of not less than the sum of (i) \$825,000,000, plus (ii) the product of 0.50 times the sum of Consolidated Net Income for each calendar quarter beginning with the calendar quarter ending June 30, 1996 during which Consolidated Net Income is greater than \$0, plus (iii) the product of 0.50 times the proceeds of the sale by the Parent and its Subsidiaries of securities (other than securities constituting Indebtedness) net of reasonable incidental, brokerage and legal costs actually paid to third parties (which proceeds, in the event of a pooling of interest transaction, shall be deemed to be one-half of the net addition to the Parent's consolidated balance sheet).

10.2. Ratio of EBITDDA to Consolidated Interest. The Parent shall not permit the ratio of (i) EBITDDA to (ii) Consolidated Interest Expense for any four consecutive calendar quarters ending on the last day of any calendar quarter to be less than 3.70 to 1.0.

ARTICLE XI

NEGATIVE COVENANTS

11.1. Indebtedness. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

(a) Borrowing Base Debt;

(b) Excluded Principal Debt;

(c) The Guaranteed Obligations permitted under Section 11.4 (whether or not then payable), and intercompany Indebtedness pursuant to Investments by the Company permitted by Sections 11.10(d), (e), (f) and (g);

(d) Indebtedness existing on the date hereof and described in Schedule 11.1 hereto;

(e) Indebtedness of the type referred to in clause (vi) of the definition of Indebtedness;

(f) Indebtedness of the type referred to in clause (vii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$50,000,000; provided such Indebtedness is otherwise permitted pursuant to Section 11.11;

(g) Indebtedness of the type referred to in clause (viii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$50,000,000;

(h) [Intentionally Omitted];

(i) Indebtedness of the type referred to in clause (v) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$5,000,000; and

(j) Additional Indebtedness of the Company not included in the foregoing clauses (a) through (i) in an aggregate principal amount not exceeding \$5,000,000.

11.2. Merger. The Company will not, nor will it permit any Borrowing Base Subsidiary to, amalgamate, merge or consolidate with or into any other Person or Persons unless:

(i) the Company or such Borrowing Base Subsidiary, as the case may be, is the surviving entity of such amalgamation, merger or consolidation (and if an amalgamation, merger or consolidation between the Company and any Borrowing Base Subsidiary, the Company is the surviving entity) and no Change of Control occurs, or, with respect to any amalgamation, merger or consolidation in which any Person other than the Company or any Borrowing Base Subsidiary is the surviving entity, such Person becomes, as a result of such amalgamation, merger or consolidation, a Borrowing Base Subsidiary of which the Company owns, directly or indirectly, 100% of the outstanding capital stock, free and clear of all Liens, other than Liens permitted by Section 11.5 and, with respect to any amalgamation, merger or consolidation involving any Guarantor, such Person shall at its own expense deliver to the Canadian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Canadian Administrative Agent may request; and

(ii) after giving effect to such amalgamation, merger or consolidation, no Default or Unmatured Default shall occur and be continuing.

11.3. Sales of Properties or Borrowing Base Subsidiaries. The Company will not, nor will it permit any of its Borrowing Base Subsidiaries to, lease, sell, transfer, convey, assign, issue or otherwise dispose of any of its Properties or any of its Borrowing Base Subsidiaries to any other Person, whether in one transaction or in a series of transactions, except if the transaction or transactions fall into one of the following categories:

(i) Sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business.

(ii) Sales of Properties (other than Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of any Borrowing Base Subsidiary which have an aggregate fair market value (or, with respect to the Sale of a Borrowing Base Subsidiary, the amount allocated to such Sale pursuant to Section 2.3(f) of the U.S. Credit Agreement) not in excess of \$50,000,000 for all such Sales permitted pursuant to this clause (ii) during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3 of the U.S. Credit Agreement.

(iii) Sales of Properties (other than sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of Borrowing Base Subsidiaries designated pursuant to this Section 11.3(iii) by notice of the Parent and the Company to the Global Administrative Agent and the Canadian Administrative Agent which have an aggregate fair market value (or, with respect to the Sale of a Borrowing Base Subsidiary, the amount allocated to such Sale pursuant to Section 2.3(f) of the U.S. Credit Agreement) not in excess of \$50,000,000 for all such Sales during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3 of the U.S. Credit Agreement; provided, however, that concurrently with any such Sale the Global Borrowing Base shall be reduced pursuant to Section 2.3(f) of the U.S. Credit Agreement, and the Company shall make any mandatory prepayment required pursuant to Section 4.1(a)(iii) hereof.

(iv) Sales of Properties (other than sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of Borrowing Base Subsidiaries which are not described in the foregoing clause (ii) or (iii) if the Required Lenders under the U.S. Credit Agreement and the Required Lenders under this Agreement give prior written consent to such Sale in the exercise of their sole discretion; provided, however, that concurrently with any such Sale (A) the Global Borrowing Base shall be reduced pursuant to Section 2.3(f) of the U.S. Credit Agreement, and (B) the Company shall make a mandatory prepayment pursuant to Section 4.1(a)(iii) hereof.

(v) A transfer, conveyance or assignment to the Company or a Subsidiary of Properties as a result of a merger or consolidation permitted pursuant to Section 11.2.

Anything herein contained to the contrary notwithstanding, the Company will not, nor will it permit any Borrowing Base Subsidiary to, consummate any Sale otherwise permitted hereunder if it receives therefor consideration (a) other than cash, other consideration readily convertible to cash or Hydrocarbon Interests or (b) which is less than the fair market value of the relevant property or asset.

11.4. Guaranteed Obligations. The Company will not, nor will it permit any Borrowing Base Subsidiary to, make or suffer to exist any Guaranteed Obligation (including, without limitation, any Guaranteed Obligation with respect to the obligations of a Non-Borrowing Base Subsidiary) in an aggregate amount for all such Persons and Guaranteed Obligations (considering Guaranteed Obligations for all such Persons without duplication) as of any date of determination in excess of \$100,000,000, except by endorsement of instruments for deposit or collection in the ordinary course of business; provided, however, that any obligation which is a Guaranteed Obligation of the Company or one or more of its Borrowing Base Subsidiaries for purposes of this Agreement shall not be Indebtedness of such Person for purposes hereof; and provided, further, that the term "Guaranteed Obligation" shall not include any obligation of any Person which constitutes Indebtedness of the Company or any of its Borrowing Base Subsidiaries.

11.5. Liens. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur, or suffer to exist any Lien in, of or on (i) any of the Company's and the Borrowing Base Subsidiaries' consolidated assets, revenues and properties securing an amount greater than \$10,000,000 in the aggregate for all such Liens or (ii) any of the Properties, except in either case:

(a) Liens for taxes, assessments or governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the Company or the Subsidiaries, as the case may be.

(e) Liens existing on the date hereof described in Schedule 11.1 and securing the Indebtedness described in Schedule 11.1 hereto or otherwise permitted in connection with Indebtedness of the type described in Section 11.1(d) consented to by the Required Lenders in the exercise of their sole discretion.

(f) Liens arising under operating agreements in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings.

(g) Liens reserved in oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases.

(h) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom.

(i) Liens securing the Indebtedness permitted in connection with Section 11.1(i).

(j) Liens associated with the pledging of securities of Subsidiaries which are not Borrowing Base Subsidiaries.

(k) Liens or any rights of distress reserved in or exercisable under any lease or sublease to which it is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and it is then in compliance in all material respects with such terms.

(l) Liens in favor of a government or public authority within Canada resulting from the deposit of cash or bonds as security for the performance of any of its obligations (other than for the payment of money) made in the ordinary course of its business, provided that such security is required or requested pursuant to any applicable law, and the obligations secured thereby are not overdue (or if overdue are being contested by it diligently and in good faith by appropriate proceedings).

(m) Liens to secure its performance in connection with bids or tenders submitted by it, or contracts (other than contracts for the payment of money) or leases of real property (other than Capitalized Leases) or licenses to which it is a party, all in the ordinary course of its business, provided that such performance obligations are not overdue (or if overdue are being contested by it diligently and in good faith by appropriate proceedings).

11.6. Restricted Payments, etc. On and at all times after the Global Effective Date, the Company will not and will not permit any of its Borrowing Base Subsidiaries to make any optional payment or prepayment on, or redemption of, or redeem, purchase or defease prior to its stated maturity, any Indebtedness other than Indebtedness incurred under this Agreement or the other Canadian Loan Documents during the occurrence and continuation of any Debt Limit Excession or if giving effect to such action would result in a Default or Unmatured Default; and the Company will not, and will not permit any Borrowing Base Subsidiary to, make any deposit for any of the foregoing purposes.

11.7. Transactions with Affiliates. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement is either (i) fair and equitable to the Company or such Borrowing Base Subsidiary, as the case may be, or (ii) is not of a sort which would not be entered into by a prudent Person in the position of the Company or such Borrowing Base Subsidiary with, or which is on terms which are less favorable than are obtainable from, any Person which is not one of its Affiliates.

11.8. Negative Pledges, etc. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, on or at any time after the Global Effective Date, any agreement (excluding this Agreement and any other Global Loan Document) directly or indirectly prohibiting the creation, assumption or perfection of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, restricting any loans, advances or other Investments to or in the Company or any of its Borrowing Base Subsidiaries, restricting the capitalization of the Company or any Borrowing Base Subsidiary, restricting the ability of any Borrowing Base Subsidiary to make dividend payments or other distributions or payments (by way of dividends, advances, repayments of loans or advances, reimbursements or otherwise) or restricting the ability of the Company or any Borrowing Base Subsidiary to amend or otherwise modify this Agreement or any other Canadian Loan Document.

11.9. Regulation U Acquisitions. The Company will not, nor will it permit any Borrowing Base Subsidiary to, use any of the proceeds of the Loans to purchase or carry any "margin stock" (as defined in Regulation U) or to make any Acquisition, except any of the following:

- (i) Acquisitions not involving "margin stock," where such Acquisition shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or
- (ii) Acquisitions involving "margin stock" where such Acquisitions shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or
- (iii) Acquisitions of not more than 15% of the outstanding equity securities of any issuer, whether or not such securities are "margin stock";

provided, however, that the amount paid by the Company to consummate all Acquisitions of the type described in clause (iii) shall not exceed \$15,000,000 in the aggregate. For purposes of this Section 11.9, the merger of the Company or any Borrowing Base Subsidiary as permitted under Section 11.2 shall be deemed to be an Acquisition not involving "margin stock."

11.10. Investments. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

- (a) Investments existing on the Global Effective Date and identified in Schedule 11.10;
- (b) Cash Equivalent Investments;
- (c) without duplication, Investments permitted as Indebtedness pursuant to Section 11.1 and Investments permitted as Guaranteed Obligations pursuant to Section 11.4;
- (d) in the ordinary course of business, Investments by the Company or any Borrowing Base Subsidiary in any Guarantor or Subsidiary;
- (e) Investments in any Person in connection with (i) the acquisition, exploration, drilling or development of Hydrocarbon Interests, or (ii) costs incurred in connection with gathering, processing, transporting and marketing production from Hydrocarbon Interests;
- (f) Investments resulting from a merger or consolidation permitted pursuant to Section 11.2;
- (g) Other Investments in an aggregate amount not to exceed \$30,000,000 during any calendar year;

provided, however, that

- (1) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and
- (2) no Investment otherwise permitted by clause (d), (e), (f) or (g) shall be permitted to be made if, immediately before or after giving effect thereto, any Default would have occurred and be continuing.

11.11. Hedging Contracts. The Company will not and will not permit any of its Borrowing Base Subsidiaries to enter into or become obligated under any contract for sale for future delivery of oil or gas from the Properties located in Canada, whether or not the subject oil or gas is to be delivered, hedging contract, forward contract,

commodity swap agreement, futures contract or other similar agreement except for such contracts which in the aggregate do not cover at any time a volume of oil or gas, as the case may be, equal to more than 75% of the projected production of oil or gas, as the case may be, from the Properties located in Canada for the term covered by such contracts.

11.12. Approval of Consents. In any instance in this Article XI where it is provided that an action may be taken by the Company or a Borrowing Base Subsidiary only with the approval or consent of the Required Lenders, the failure by a Canadian Lender to respond to a request for such approval or consent within 10 Business Days of receipt of a request for such approval or consent (or such other length of time as specified by the Global Administrative Agent or the Canadian Administrative Agent in such request) shall be deemed an approval of, or consent to, such request.

ARTICLE XII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a "Default":

12.1. Breach of Warranties and Misleading Statements. Any representation or warranty made or deemed made pursuant to Article VIII, by or on behalf of the Company or any Subsidiary to the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent, the Co-Agent, the Arrangers or the Engineering Banks under or in connection with this Agreement, any Loan, any Canadian Loan Document, or any certificate, or, information delivered in connection with this Agreement, any other Canadian Loan Document is breached or shall be false, incomplete or incorrect on the date as of which made or deemed made in any material respect.

12.2. Nonpayment of Loans, Fees and other Obligations. Nonpayment of principal of any Loan when due; or nonpayment of interest upon any Loan or of any facility fee or other Obligation under any of the Canadian Loan Documents within three (3) days after the same becomes due.

12.3. Breach of Certain Covenants. Except as set forth in the subsequent sentence, the breach by the Company of any of the terms or provisions of Section 9.2, 9.3, 9.13, or Article X or Article XI. The breach by the Company of any of the terms or provisions of (i) Section 11.1 pertaining to Indebtedness of the type referred to in clause (vii) of the definition of Indebtedness or (ii) Section 11.10(b), which is not remedied within 3 days of such occurrence.

12.4. Default Under Australian Loan Documents or U.S. Loan Documents. A "Default" as defined in the Australian Loan Documents or U.S. Loan Documents occurs; provided that the occurrence of an "Unmatured Default" as defined in the Australian Loan Documents or U.S. Loan Documents shall constitute an Unmatured Default under the Canadian Loan Documents.

12.5. Non-Compliance with this Agreement. The breach by the Company (other than a breach which constitutes a Default under any other Section of this Article XII) of any of the terms, provisions or covenants of this Agreement which is not remedied within 30 days after written notice from the Global Administrative Agent, the Canadian Administrative Agent or any Canadian Lender.

12.6. Cross-Defaults. Failure of the Company or any Borrowing Base Subsidiary to pay any Indebtedness in excess of \$25,000,000 in aggregate principal amount when due; or the default by the Company or any Borrowing Base Subsidiary in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Company or any Borrowing Base Subsidiary shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Company or any Borrowing Base Subsidiary shall not pay, or shall admit in writing its inability to pay, such Indebtedness generally as it becomes due.

12.7. Voluntary Dissolution and Insolvency Proceedings and Actions.

The Company or any Subsidiary shall (a) have an order for relief entered with respect to it under federal or provincial bankruptcy or insolvency laws as now or hereafter in effect, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (d) institute any proceeding seeking an order for relief under federal or provincial bankruptcy or insolvency laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 12.7 or (f) fail to contest in good faith any appointment or proceeding described in Section 12.8; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it shall result in a Material Adverse Effect.

12.8. Involuntary Insolvency Proceedings or Dissolution. Without the application, approval or consent of the Company or any Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for such Person or any substantial part of its property, or a proceeding described in Section 12.7(d) shall be instituted against the Company or any Subsidiary and such appointment continues undischarged or such proceeding continues undischarged or unstayed for a period of 30 consecutive days; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect.

12.9. Condemnation. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any portion of the Properties with a fair market value in excess of \$50,000,000 in the aggregate for all such Properties.

12.10. Judgments. The Company or any Subsidiary shall fail within 45 days to pay, bond or otherwise discharge any uninsured portion of any judgment or order for the payment of money in excess of \$10,000,000 in the aggregate for all such judgments and orders, which is not stayed on appeal or is not otherwise being appropriately contested in good faith; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect.

12.11. [Intentionally Omitted].

12.12. Other Defaults Under Canadian Loan Documents. The occurrence of any default by any party to the Canadian Loan Documents (other than any Agent or Lender) under any Canadian Loan Document (other than this Agreement or the Notes) or the breach of any of the terms or provisions by any party to the Canadian Loan Documents (other than any Agent or Lender) of any Canadian Loan Document (other than this Agreement or the Notes) which default or breach is not remedied within 30 days of such occurrence.

12.13. Failure of Canadian Loan Documents. Any Canadian Loan Document shall fail to remain in full force or effect or shall be declared null and void, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Canadian Loan Document.

12.14. Change in Control. Any Change in Control shall occur.

ARTICLE XIII

ACCELERATION, WAIVERS, AMENDMENTS, REMEDIES; RELEASES

13.1. Acceleration. If any Default described in Section 12.7 or 12.8 occurs with respect to the Company, (a) the obligations of the Canadian Lenders to make Loans hereunder shall automatically terminate, (b) the Commitments of each of the Canadian Lenders shall terminate and the Obligations shall immediately become due and payable without any election or action on the part of any Agent or any Canadian Lender and without presentment, demand, protest or notice of any kind, including, without limitation, notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (c) the Agents and the Canadian Lenders and each of them shall be able to exercise any rights available to it or them under the Canadian Loan Documents, or by law. If any other Default occurs, (x) the Required Lenders may terminate or suspend the obligations of the Canadian Lenders to make Loans hereunder, or reduce the Commitment of each of the Canadian Lenders to zero and declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, including without notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (y) the Agents and the Canadian Lenders and each of them shall be able to exercise any rights available to it or them under the Canadian Loan Documents, the Parent Guaranty, any Guaranty or by law. The Canadian Administrative Agent hereby agrees, at the written direction of the Required Lenders, subject to the provisions of Article XV, to exercise any of the foregoing rights available to it.

13.2. Amendments. Subject to the provisions of this Article XIII, the Required Lenders (or the Canadian Administrative Agent with the consent in writing of the Required Lenders) and the Company may enter into agreements supplemental hereto for the purpose of adding or elucidating any provisions to the Canadian Loan Documents or changing in any manner the rights and remedies of the Canadian Lenders or the Company hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Canadian Lender affected thereby:

(a) Extend the maturity of any Loan, Note or payment under a Guaranty or the Parent Guaranty, or reduce the principal amount of any of them, or reduce the rate or extend the time of payment of interest or fees thereon.

(b) Reduce the percentage specified in the definition of Required Lenders.

(c) Extend the Termination Date or reduce the amount or extend the payment date for, the mandatory payments required under Section 4.1 or increase the amount of the Commitment of any Canadian Lender hereunder or permit the Company to assign its rights or obligations under this Agreement or under any other Canadian Loan Document.

(d) Amend this Section 13.2.

No amendment of any provision of this Agreement relating to any Agent shall be effective without the written consent of such Agent. The Canadian Administrative Agent may waive payment of the fee required under Section 17.3(b) without obtaining the consent of any of the Canadian Lenders.

13.3. Preservation of Rights. All remedies contained in the Canadian Loan Documents or afforded by law shall be cumulative and all shall be available to the Agents and the Canadian Lenders until the Obligations have been paid in full. No delay or omission of the Canadian Lenders, the Agents or any of them to exercise any right under the Canadian Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Canadian Loan Documents whatsoever shall

be valid unless in writing signed by the Canadian Lenders and the Agents required pursuant to Section 13.2, and then only to the extent specifically set forth in such writing.

ARTICLE XIV

GENERAL PROVISIONS

14.1. [Intentionally Omitted].

14.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Canadian Lender shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

14.3. Taxes. Any taxes (excluding income taxes) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Canadian Loan Documents shall be paid by the Company, together with interest and penalties, if any.

14.4. Headings. Article and section headings in the Canadian Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Canadian Loan Documents.

14.5. Entire Agreement. The Canadian Loan Documents embody the entire agreement and understanding among the Company, the Agents and the Canadian Lenders and supersede all prior agreements and understandings among the Company, the Agents and the Canadian Lenders relating to the subject matter thereof.

14.6. Several Obligations. The respective obligations of the Canadian Lenders hereunder are several and not joint and no Canadian Lender shall be the partner or agent of any other (except to the extent to which an Agent is authorized to act as such). The failure of any Canadian Lender to perform any of its obligations hereunder shall not relieve any other Canadian Lender from any of its obligations hereunder. This Agreement is not intended to, and shall not be construed so as to, confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

14.7. Reimbursement of Costs and Expenses; Indemnification.

(a) Reimbursement of Costs and Expenses. The Company shall reimburse each Agent for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and legal fees and expenses for such Agent (on a solicitor and his own client basis)) paid or incurred by such Agent in connection with the preparation, review, execution, delivery, amendment, modification and administration of the Canadian Loan Documents including, without limitation, the fees incurred by such Agent in connection with its initial evaluation of the Properties. The Company shall reimburse each Agent and the Canadian Lenders for any reasonable costs and out-of-pocket expenses (including legal fees and expenses (on a solicitor and his own client basis) for the Agent and the Canadian Lenders) paid or incurred by any Agent or any Canadian Lender in connection with the collection and enforcement of the Canadian Loan Documents.

(b) Indemnification. In consideration of the execution and delivery of this Agreement by each Canadian Lender and the extension of the Commitments, the Company hereby indemnifies, exonerates and holds each Agent and each Canadian Lender, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not any Agent or any Canadian Lender or any Indemnified Person is a party thereto and all other legal fees and disbursements (on a solicitor and his own client basis)) ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to,

(i) this Agreement, the other Canadian Loan Documents, the transactions contemplated hereby or thereby;

(ii) the direct or indirect application or proposed application of the proceeds of any Loan hereunder;

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

(iv) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Company or any of its Subsidiaries of all or any portion of the stock or assets of any Person, whether or not any Agent or any Canadian Lender is party thereto;

(v) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the condition of any facility or property owned, leased or operated by the Company or any Subsidiary;

(vi) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or Release from, any facility or property owned, leased or operated by the Company 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 Company or such Subsidiary;

(vii) any misrepresentation, inaccuracy or any breach in or of Section 8.19 or Section 9.12; or

(viii) any investigation, litigation or proceeding related to any Investment by the Company or any of its Subsidiaries in any Person, whether or not any Agent or any Canadian Lender is party thereto;

(the foregoing collectively the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The obligations of the Company under this Section 14.7 shall survive the termination of this Agreement or any non-assumption of this Agreement in a bankruptcy or similar proceeding. The Company shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the Company had knowledge of the facts and circumstances giving rise to such Claims.

14.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Canadian Administrative Agent with sufficient counterparts so that the Canadian Administrative Agent may furnish one to each of the Canadian Lenders and each of the Agents.

14.9. Severability of Provisions. Any provision in any Canadian Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Canadian Loan Documents are declared to be severable.

14.10. Nonliability of Canadian Lenders. The relationship between the Company on the one hand and the Canadian Lenders and the Agents on the other hand shall be solely that of borrower and lender. None of the Agents nor any Canadian Lender shall have any fiduciary responsibilities to the Company or any of its Subsidiaries or Affiliates. None of the Agents nor any Canadian Lender undertakes any responsibility to the Company or any of its Subsidiaries or

Affiliates to review or inform the Company of any matter in connection with any phase of the Company's or such Subsidiary's or Affiliate's business or operations.

14.11. CHOICE OF LAW. THE CANADIAN LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE PROVINCE OF ALBERTA AND OF CANADA APPLICABLE THEREIN.

14.12. CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER CANADIAN LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY AGENT, THE CANADIAN LENDERS OR THE COMPANY SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE PROVINCE OF ALBERTA; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT ANY AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE PROVINCE OF ALBERTA 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 COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE PROVINCE OF ALBERTA. THE COMPANY 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 COMPANY 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 COMPANY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER CANADIAN LOAN DOCUMENTS.

14.13. Confidentiality. Each Canadian Lender and each Agent agrees to hold any confidential information which it may receive from the Company pursuant to this Agreement in confidence in accordance with the provisions set forth in Exhibit G hereto. In addition to the disclosures permitted in such provisions, the Canadian Lenders and the Agents each shall be permitted to make disclosures of such information in accordance with Section 17.4.

ARTICLE XV

THE AGENTS, THE ARRANGERS AND THE ENGINEERING BANKS

15.1. Appointment of Agents. First Chicago is hereby appointed Global Administrative Agent hereunder and under each other Canadian Loan Document, Bank of Montreal is hereby appointed Canadian Administrative Agent hereunder and under each other Canadian Loan Document, First Chicago Capital Markets, Inc. is hereby appointed as an Arranger hereunder and under each other Canadian Loan Document, Chase Securities Inc. is hereby appointed as an Arranger hereunder and under each other Canadian Loan Document, and each of First Chicago and Chase is appointed as an Engineering Bank hereunder and each of the Canadian Lenders irrevocably authorizes each such Agent to act in such capacities. Each Agent agrees to act as such upon the express conditions contained in this Article XV. No Agent shall have a fiduciary relationship in respect of any Canadian Lender by reason of this Agreement or any of the other Canadian Loan Documents.

15.2. Powers. Each Agent shall have and may exercise such powers under this Agreement and the other Canadian Loan Documents as are specifically delegated to it by the terms of each thereof, together with such powers as are reasonably incidental thereto. None of the Agents shall have implied duties to the Canadian Lenders, or any obligation to the Canadian Lenders to take any action thereunder except any action by an Agent specifically provided by the Canadian Loan Documents to be taken by such Agent.

15.3. General Immunity. No Agent nor any of its respective directors, officers, agents or employees shall be liable to any Canadian Lender or any of the other Agents for any action taken or omitted to be taken by it or them hereunder or under any other Canadian Loan Document or in connection herewith or therewith except for its or their own gross negligence or wilful misconduct as established by final order of a court of competent jurisdiction.

15.4. No Responsibility for Loans, Recitals, etc. No Agent nor any of its respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Canadian Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Canadian Loan Document; (iii) the satisfaction of any condition specified in Article VII, except receipt by an Agent of items required to be delivered to such Agent unless such condition shall have been waived in accordance with Section 13.2; or (iv) the validity, effectiveness or genuineness of any Canadian Loan Document or any other agreement, instrument or writing furnished in connection therewith.

15.5. Action on Instructions of Canadian Lenders. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Canadian Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Canadian Lenders, the other Agents and all holders of Notes.

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

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

15.8. Reimbursement and Indemnification. Each Canadian Lender agrees to reimburse and indemnify each of the Canadian Administrative Agent, the Global Administrative Agent, each Arranger and each Engineering Bank ratably in proportion to such Canadian Lender's Aggregate Commitments, (i) for any amounts (other than principal or interest) not reimbursed by the Company or any Guarantor for which such Agent is entitled to reimbursement by the Company under the Canadian Loan Documents, and (ii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of the Canadian Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Canadian Lender shall be so liable to the extent any of the foregoing is found by a final order of a court of competent jurisdiction to have arisen solely from such Agent's gross negligence or willful misconduct.

15.9. Rights as a Canadian Lender. With respect to its Commitments, Loans made by it and the Notes issued to it, each Agent shall have the same rights and powers hereunder and under each other Canadian Loan Document as any Canadian Lender and may exercise the same as though it did not hold such role, and the term "Canadian Lender"

or "Canadian Lenders" shall, unless the context otherwise indicates, include each of them in its individual capacity. In addition to, and not by way of limitation of the rights set forth in Section 15.2 and this Section 15.9, each Agent may accept deposits from, lend money to, and generally engage in any kind of banking or trust business with the Company or any Subsidiary or any other Affiliate of the Company as if it did not hold such role.

15.10. Canadian Lender Credit Decision. Each Canadian Lender acknowledges that it has, independently and without reliance upon any Agent or any other Canadian Lender and based on the financial statements prepared by the Parent and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Canadian Loan Documents. Each Canadian Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Canadian Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Canadian Loan Documents.

15.11. Certain Successor Agents. Any Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Canadian Lenders and the Company. Upon any such resignation, the Company shall, if no Default or Unmatured Default has occurred and is continuing, have the right (subject to the consent of the Required Lenders) to appoint, on behalf of the Company and the Canadian Lenders, a Canadian Lender as a successor Agent. If no successor Agent shall have been so appointed by the Company and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving notice of resignation or if a Default or Unmatured Default has occurred and is continuing, then the retiring Agent may appoint, on behalf of the Company and the Canadian Lenders, a Canadian Lender as a successor Agent; provided, however, that the Company may, within the one year period following the appointment of a successor Agent, and upon thirty (30) days' written notice to the Canadian Lenders, remove the successor Agent and appoint a successor Agent acceptable to the Company (subject to the consent of the Required Lenders). Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and Obligations (but not any liability arising from its gross negligence or wilful misconduct as established by a final order of a court of competent jurisdiction) hereunder and under the other Canadian Loan Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XV shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as an Agent hereunder and under the other Canadian Loan Documents.

ARTICLE XVI

SETOFF; RATABLE PAYMENTS

16.1. Setoff. In addition to, and without limitation of, any rights of the Canadian Lenders under applicable law, if the Company becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any indebtedness from any Canadian Lender to the Company (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Canadian Lender, whether or not the Obligations, or any part hereof, shall then be due and payable.

16.2. Ratable Payments. If any Canadian Lender, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than it would have received pursuant to an allocation using the method set forth in Section 4.2 or 4.3, such Canadian Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Canadian Lenders so that after such purchase each Canadian Lender will hold its ratable proportion of such type of Loans. If any Canadian Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to set off, such Canadian Lender agrees, promptly upon demand, to take such action necessary such that all Canadian Lenders share in the benefits of such collateral ratably in proportion to the Obligations owing to each of them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XVII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

17.1. Successors and Assigns. The terms and provisions of the Canadian Loan Documents shall be binding upon and inure to the benefit of the Company, the Agents and the Canadian Lenders and their respective successors and assigns, except that the Company shall not have the right to assign its rights or obligations under the Canadian Loan Documents and any assignment by any Canadian Lender must be made in compliance with Section 17.3. The Canadian Administrative Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 17.3 in the case of an assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with such Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Canadian Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

17.2. Participations.

(a) Any Canadian Lender, in the ordinary course of its business and in accordance with applicable law, at any time may sell to one or more banks or other entities organized under the laws of and resident in Canada for purposes of the Income Tax Act (Canada) ("Participants") participating interests in any Loan owing to such Canadian Lender, any Note held by such Canadian Lender, any Commitment of such Canadian Lender or any other interest of such Canadian Lender under the Canadian Loan Documents. In the event of any such sale by a Canadian Lender of participating interests to a Participant, such Canadian Lender's Obligations under the Canadian Loan Documents shall remain unchanged, such Canadian Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Canadian Lender shall remain the holder of any such Note or Obligation for all purposes under the Canadian Loan Documents, and the Company and the Agents shall continue to deal solely and directly with such Canadian Lender in connection with such Canadian Lender's rights and obligations under the Canadian Loan Documents.

(b) Each Canadian Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Canadian Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, or reimbursement obligation with respect to, any such Loan or Commitment, releases any guarantor of any such Obligation.

(c) The Company agrees that each Participant shall be deemed to have the right of setoff provided in Section 16.1 in respect of its participating interest in amounts owing under the Canadian Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Canadian Lender under the Canadian Loan Documents, provided that each Canadian Lender shall retain the right of setoff provided in Section 16.1 with respect to the amount of participating interests sold to each Participant. The Canadian Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 16.1, agrees to share with each Canadian Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 16.2 as if each Participant were a Canadian Lender. The Company also agrees that each Participant shall be entitled to the benefits of Sections 6.1 and 6.3 with respect to its participation in the Commitments or the Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Canadian Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Canadian Lender to such Participant had no such transfer occurred.

17.3. Assignments.

(a) Any Canadian Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities which are organized under the laws of and are residents in Canada for purposes of the Income Tax Act (Canada) ("Purchasers") all or any part of its rights and obligations under the Canadian Loan Documents subject to a minimum of \$5,000,000 or such lesser amount as may be agreed to by the Company; provided that with respect to any Purchaser which is not an Affiliate of such assigning Canadian Lender, such assignment shall require the consent of the Company, which consent of the Company shall not be unreasonably withheld or delayed. Such assignment shall be substantially in the form of Exhibit D hereto. The consent of the Canadian Administrative Agent shall also be required prior to an assignment becoming effective with respect to a Purchaser which is not organized under the laws of and resident in Canada for purposes of the Income Tax Act (Canada). All such consents shall be substantially in the form attached as Exhibits "D-II" or "D-III" to Exhibit D hereto and shall not be unreasonably withheld.

(b) Upon (i) delivery to the Canadian Administrative Agent of a notice of assignment, substantially in the form attached as Exhibit "D-I" to Exhibit D hereto (a "Notice of Assignment"), together with any consents required by Section 17.3.(a), and (ii) payment of a \$3,000 fee to the Canadian Administrative Agent for processing such assignment, such assignment shall become effective on the effective date specified in such Notice of Assignment; provided, however, that any amounts paid by the Company to, or for the benefit of, the assigning Canadian Lender, on or before the execution date of the assignment, if such date is later than the effective date of the assignment, shall be deemed paid to and for the benefit of the Purchaser for all purposes. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Canadian Lender, party to this Agreement and any other Canadian Loan Document executed by the Canadian Lenders, and shall have all the rights and obligations of a Canadian Lender under the Canadian Loan Documents, including, without limitation, the Intercreditor Agreement, to the same extent as if it were an original party hereto, shall be deemed a Canadian Lender for all purposes of the Canadian Loan Documents, including, without limitation, the Intercreditor Agreement, and no further consent or action by the Company, the Canadian Lenders or any Agent shall be required to release the transferor Canadian Lender, with respect to the percentages of the Commitment, and the Loans assigned to such Purchaser and the transferor Canadian Lender shall henceforth be so released, and each reference herein and in the other Canadian Loan Documents, including, without limitation, the Intercreditor Agreement, to the transferor Canadian Lender shall thereafter be deemed a reference to the Purchaser for all purposes. Upon the consummation of any assignment to a Purchaser pursuant to this Section 17.3(b), the Company shall issue replacement Notes to such transferor Canadian Lender and shall issue new Notes or, as appropriate, replacement Notes, to such Purchaser, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such assignment.

17.4. Dissemination of Information. The Company authorizes each Agent and each Canadian Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Canadian Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Canadian Lender's possession concerning the creditworthiness of the Company and the Subsidiaries, provided that such Transferee and prospective Transferee agrees in writing to be bound by Section 14.13 of this Agreement.

ARTICLE XVIII

NOTICES

18.1. Giving Notice. Except as otherwise permitted by Section 3.7 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Canadian Loan Document shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

18.2. Change of Address. The Company, each Agent, and each Canadian Lender may change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIX

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company, the Agents and the Canadian Lenders and each party has notified the Canadian Administrative Agent and the Global Administrative Agent, by telex, facsimile or telephone, that it has taken such action.

ARTICLE XX

NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT, THE NOTES, AND THE OTHER CANADIAN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Company, the Canadian Lenders and the Agents have executed this Agreement as of the date first above written.

APACHE CANADA LTD.

By: /s/ APACHE CANADA LTD.

Name: Matthew W. Dundrea
Title: Treasurer

Address: Apache Canada Ltd.
c/o Apache Corporation
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea, Treasurer

Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Zurab S. Kobiashvili
Vice President and General Counsel
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Telephone: (713) 296-6204
Facsimile: (713) 296-6458

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:

Title:

Address: One First National Plaza
Chicago, Illinois 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268

Facsimile: (312) 732-2038

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S - 2

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

Address: 707 Travis
5th Floor North
Houston, Texas 77002

Attention: Lori Veters

Telephone: (713) 216-4332
Facsimile: (713) 216-4117

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S - 3

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent and
Engineering Bank

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for The First
National Bank of Chicago

Address: One First National Plaza
Chicago, Illinois 60670

Attention: W. Walter Green, III,
Petroleum and Mining Division
Suite 0363

Telephone: (312) 732-7235
Facsimile: (312) 732-3055

with a copy to:

Syndications and
Placements/Agency
Suite 0353, 15th Floor
One First National Plaza
Chicago, IL 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268
Facsimile: (312) 732-2038

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

BANK OF MONTREAL, as Canadian
Administrative Agent

By: /s/ BANK OF MONTREAL

Name:

Title:

Address: 24th Floor, 1st Canadian Place
Toronto, Ontario
Canada M5X 1A1

Attention: Paul Montgomery

Telephone: (416) 867-7110

Facsimile: (416) 867-5938

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

S - 5

THE CHASE MANHATTAN BANK, as Engineering
Bank

By: /s/ THE CHASE MANHATTAN BANK

Name:

Title:

Address: 270 Park Avenue
Energy Portfolio, 10th Floor
New York, New York 10017-2070

Attention: Ronald Potter

Telephone: (212) 270-2057

Facsimile: (212) 270-3860

with a copy to:

Lori Vettters
The Chase Manhattan Bank
707 Travis
5th Floor North
Houston, Texas 77002

Telephone: (713) 216-4332

Facsimile: (713) 216-4117

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

Commitments

BANK OF MONTREAL, as a Canadian Lender

\$25,000,000

By: /s/ BANK OF MONTREAL

Name:
Title:

Address: 24th Floor FCC
350 7th Avenue S.W.
Calgary, Alberta
Canada T2P 3N9

Attention: John Haylock

Telephone: (403) 234-3741
Facsimile: (403) 234-3644

with a copy to:

700 Louisiana, Suite 4400
Houston, TX 77002

Attention: Robert L. Roberts

Telephone: (713) 546-9754
Facsimile: (713) 223-4007

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

\$20,000,000

FIRST CHICAGO NBD BANK, CANADA,
as a Canadian Lender

By: /s/ FIRST CHICAGO NBD BANK, CANADA

Name:
Title:

Address: BCE Place, P.O. Box 613
161 Bay Street, Suite 4240
Toronto M5J 2S1

Attention: Ms. Janet A. Beadle

Telephone: (416) 365-5262
Facsimile: (416) 363-7574

with a copy to:

Syndications and
Placements/Agency
Suite 0353, 15th Floor
One First National Plaza
Chicago, IL 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268
Facsimile: (312) 732-2038

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

\$20,000,000

THE CHASE MANHATTAN BANK OF CANADA, as a
Canadian Lender

By: /s/ THE CHASE MANHATTAN BANK OF CANADA

Name:
Title:

Address: 1 First Canadian Place
100 King Street West,
Suite 6900
Box 106
Toronto, Ontario
Canada M5X 1A4

Attention: Richard Jerome

Telephone: (416) 216-4145
Facsimile: (416) 216-4161

with a copy to:

Lori Vettors
The Chase Manhattan Bank
707 Travis
5th Floor North
Houston, Texas 77002

Telephone: (713) 216-4332
Facsimile: (713) 216-4117

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

\$20,000,000

ROYAL BANK OF CANADA, as a Canadian Lender

By: /s/ ROYAL BANK OF CANADA

Name: Doug R. Crook
Title: Senior Account Manager

Address: 11th Floor, 335 - 8 Ave. S.W.
Calgary, AB T2P 1C9
CANADA

Attention: G.W.D. (Doug) Paul
Senior Account Manager

Telephone: (403) 292-3457
Facsimile: (403) 292-3436

with a copy to:

Ms. Linda Stephens
Royal Bank of Canada
600 Wilshire Boulevard, Suite 800
Los Angeles, CA 90017
U.S.A.

Telephone: (213) 955-5347
Facsimile: (213) 955-5350

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\$20,000,000

CANADIAN IMPERIAL BANK OF COMMERCE, as a
Canadian Lender

By: /s/ CANADIAN IMPERIAL BANK OF COMMERCE

Name:
Title:

Address: Two Paces West
2727 Paces Ferry Road,
Suite 1200
Atlanta, GA 30339

Attention: Credit Operations

Telephone: (770) 319-4999
Facsimile: (770) 319-4950

With a copy to:

909 Fannin, Suite 1200
Houston, TX 77010

Attention: Brian Swinford

Telephone: (713) 658-8400
Facsimile: (713) 658-9922

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

\$20,000,000

THE BANK OF NOVA SCOTIA, as a
Canadian Lender

By: /s/ THE BANK OF NOVA SCOTIA

Name:

Title:

Address:

Attention:

Telephone:

Facsimile:

With a copy to:

The Bank of Nova Scotia
Houston Representative Office
1100 Louisiana, Suite 3000
Houston, TX 77002

Attention: Mark A. Ammerman

Telephone: (713) 752-0900

Facsimile: (713) 752-2425

\$125,000,000

AGGREGATE
COMMITMENT

[SIGNATURE PAGE TO CANADIAN CREDIT AGREEMENT]

[AUSTRALIAN CREDIT AGREEMENT]

=====

CREDIT AGREEMENT

dated as of October 31, 1996

among

APACHE ENERGY LIMITED,

and

APACHE OIL AUSTRALIA PTY. LIMITED

and

THE AUSTRALIAN LENDERS NAMED HEREIN,

and

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent,

and

CHASE SECURITIES AUSTRALIA LIMITED,
as Australian Administrative Agent,

and

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger,

and

CHASE SECURITIES INC.,
as Arranger

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CREDIT AGREEMENT

This Agreement, dated as of October 31, 1996, is among Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia ("Apache Energy Limited"), Apache Oil Australia Pty. Limited (ACN 050 611 688), a corporation organized under the laws of the State of New South Wales, Australia ("Apache Oil Australia" and, together with Apache Energy Limited, the "Company"), the various commercial lending institutions as are or may become parties hereto (the "Australian Lenders"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), Chase Securities Australia Limited (ACN 002 888 011), as Australian Administrative Agent (the "Australian Administrative Agent"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger.

RECITALS:

1. The Company desires to obtain commitments from the Australian Lenders pursuant to which extensions of credit in the form of Loans will be made in the amounts and currencies herein provided pursuant to the terms and provisions herein set forth.
2. The proceeds of the Loans will be used by the Company to refinance existing debt of the Company and for general corporate purposes.
3. The Australian Lenders are willing, on the terms and subject to the conditions herein set forth, to extend such commitments and make such extensions of credit to the Company.
4. The Company, the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent and the Arrangers hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS OF CONSTRUCTION

1.1. Definitions. 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 the plural forms thereof):

"Accepting Lender" is defined in Section 2.2.

"Acquisition" means any transaction, or any series of related transactions, consummated after the date of this Agreement, by which the Company or any of the Subsidiaries (i) acquires any going business or all or substantially all of the assets of any Person or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency).

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Australian Lenders or any of them to the Company on the same Borrowing Date and for the same Interest Period, which results in an increase in the aggregate amount of outstanding Loans under this Agreement.

"Affiliate" of any Person means any Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person; provided, however, notwithstanding the foregoing, the definition of

"Affiliate" shall not include any Subsidiary of the Company. A Person shall be deemed to control another Person if the controlling Person owns directly or indirectly 20% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agents" means each of the Global Administrative Agent, the Australian Administrative Agent, the Arrangers, and the Engineering Banks.

"Agreed Currency" is defined in Section 6.9(a).

"Aggregate Commitment" means, as of the time a determination thereof is to be made, the sum of the Commitments of all the Australian Lenders hereunder, being \$125,000,000 as of the date hereof, and as reduced from time to time after the date hereof pursuant to Sections 4.5 and 13.1.

"Agreement" means this Credit Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means, on any date, those generally accepted accounting principles applied in preparing the financial statements referred to in Section 8.4.

"Anniversary Date" means any October 31, with the first such date being October 31, 1997.

"Annual Certificate of Extension" means a certificate of the Parent and the Company, executed by an Authorized Officer and delivered to the Global Administrative Agent and the Australian Administrative Agent, which requests an extension of the then scheduled Termination Date pursuant to Section 2.2.

"Apache Energy Limited" means Apache Energy Limited (ACN 009 301 964), a corporation organized under the laws of the State of Western Australia, Australia.

"Apache Oil Australia" means Apache Oil Australia Pty. Limited (ACN 050 611 688), a corporation organized under the laws of the State of New South Wales, Australia.

"Approved Australian Lender" means Australian banks which have a long term debt rating of A/A2 or better or short term A1/P1 or better (domestically or internationally, whichever is the higher rating) by S&P or Moody's (or any replacement rating classification by either S&P or Moody's which is determined in substantially the same manner).

"Approved Engineers' Report" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Arranger" means each of First Chicago Capital Markets, Inc. and Chase Securities Inc. in their respective capacities as arrangers pursuant to Article XV.

"Australian Administrative Agent" means Chase Securities Australia Limited (ACN 002 888 011) in its capacity as Administrative Agent for the lenders party to the Australian Credit Agreement and any successor thereto.

"Australian Lenders" means the financial institutions listed on the signature pages of this Agreement and their respective successors and assigns in accordance with Section 17.3 (including any commercial lending institution becoming a party hereto pursuant to a Substitution Certificate) or otherwise by operation of law.

"Australian Loan Documents" means this Agreement, the Notes, the Guaranties, the Substitution Certificates, the agreement with respect to fees described in Section 2.4(b), the Intercreditor Agreement and the

Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Authorized Officer" means, with respect to the Company, the President, the Vice President and Chief Financial Officer and the Treasurer of the Company, and any officer of the Company specified as such to the Australian Administrative Agent and the Global Administrative Agent in writing by any of the aforementioned officers of the Company, or, with respect to the Parent, the Chairman, the President, the Vice President and Chief Financial Officer and the Treasurer of the Parent, and any officer of the Parent, specified as such to the Global Administrative Agent in writing by any of the aforementioned officers of the Parent.

"Borrowing Base Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which owns or controls any Properties and any Subsidiary that owns or controls, directly or indirectly, another Subsidiary that owns or controls any Properties. The Borrowing Base Subsidiaries of the Company as of the Global Effective Date are listed on Schedule 8.8 hereto.

"Borrowing Date" means any Business Day on which an Advance is made hereunder.

"Borrowing Notice" is defined in Section 3.3.

"Business Day" means a weekday on which (a) (for the purpose of determining the Eurodollar Base Rate under paragraph (b) of that definition) the relevant financial markets are open in London; (b) (except for the purpose stated in paragraph (a)) banks are open for business in Sydney and Melbourne; and (c) in the case where a payment is to be made, banks are open for business in New York City, Sydney and Melbourne.

"Canadian Administrative Agent" means Bank of Montreal in its capacity as administrative agent for the lenders party to the Canadian Credit Agreement and any successor thereto.

"Canadian Borrowers" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada.

"Canadian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Canadian Administrative Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Lenders" means the financial institutions listed on the signature pages of the Canadian Credit Agreement and their respective successors and assigns.

"Canadian Loan Documents" means the Canadian Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Capitalized Lease" means, with any respect to a Person, any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" means, with respect to a Person, the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalent Investment" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or by the Government of Australia;

(b) commercial paper, maturing not more than nine months from the date of issue, which is issued by any Agent or any Agent's holding company, or by (i) a corporation (other than the Parent or an Affiliate of the Parent) organized under the laws of any state of Australia or any state of the United States or of the District of Columbia and rated A-1 by S&P or P-1 by Moody's, or (ii) any Combined Lender (or its holding company) which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating, or which is an Approved Australian Lender; or

(c) any certificate of deposit, time deposit or banker's acceptance, maturing not more than one year after such time, which is issued or accepted by any Agent or any Agent's holding company, or by either (i) an Australian bank which has a combined capital and surplus and undivided profits of not less than \$500,000,000, which has (or which at the time is a subsidiary of a holding company which has) a Qualified Long Term Rating, (ii) any Combined Lender which has (or which is a subsidiary of a holding company which has) a Qualified Long Term Rating, or (iii) any Approved Australian Lender.

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

"Change in Control" means:

(a) the failure by the Company to own, free and clear of all Liens or encumbrances, 100% of the outstanding capital stock of any Subsidiary which is a Guarantor on a fully diluted basis, except as a result of the merger of any such Subsidiary into the Company or any Subsidiary of the Company pursuant to Section 11.2; provided, however, that, in the event of a merger of any such Subsidiary with a Subsidiary, such Subsidiary shall at its own expense deliver to the Australian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Australian Administrative Agent may request; or

(b) the failure by the Company to own, directly or indirectly, free and clear of all Liens, other than Liens permitted under Section 11.5 hereof, 100% of the outstanding capital stock of each Borrowing Base Subsidiary on a fully diluted basis except as a result of a merger of such Borrowing Base Subsidiary with the Company, another Borrowing Base Subsidiary or with any other Person as permitted pursuant to Section 11.2, or as a result of a sale of such Borrowing Base Subsidiaries as permitted pursuant to Section 11.3; or

(c) the failure by the Parent to own, directly or indirectly, free and clear of all Liens, other than Liens permitted under Section 11.5 of the U.S. Credit Agreement, not less than 95% of the outstanding capital stock of the Company on a fully diluted basis.

"Chase" means The Chase Manhattan Bank, in its individual capacity and its successors.

"Claims" is defined in Section 14.7.

"Combined Commitments" means, at any time, the aggregate of the Aggregate Commitments, the U.S. Commitments and the Canadian Commitments at such time.

"Combined Lenders" means the Canadian Lenders, the U.S. Lenders and the Australian Lenders.

"Combined Required Lenders" means, at any time, Combined Lenders having greater than 66-2/3% of the aggregate amount of the Combined Commitments at such time.

"Commitment" means, with respect to each Australian Lender, the obligation of such Australian Lender to make Loans not exceeding the amount set forth as its Commitment opposite its signature below or in the relevant Substitution Certificate, as such amount may be modified from time to time pursuant to the provisions of this Agreement, including any Substitution Certificate executed by such Australian Lender and its Substituting Lender and delivered pursuant to Section 17.3 and any reduction pursuant to Sections 4.5, or 13.1; it being understood, however, that a change in the Global Borrowing Base does not constitute a modification of any Commitment.

"Company" is defined in the Preamble.

"Consolidated Interest Expense" means, for any period for which a determination thereof is to be made, total interest expense, whether paid or accrued (but excluding that attributable to Capitalized Leases), of the Parent and its Consolidated Subsidiaries on a consolidated basis including, without limitation, all commissions, discounts and other fees and charges owing with respect to letters of credit and bankers' acceptance financing.

"Consolidated Net Income" means, for any period for which a determination thereof is to be made, the net income (or loss) after taxes of the Parent and its Consolidated Subsidiaries on a consolidated basis for such period taken as a single accounting period; provided that there shall be excluded the income (or loss) of any Affiliate of the Parent or other Person (other than a Consolidated Subsidiary of the Parent) in which any Person (other than the Parent or any of the Consolidated Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Parent or any of the Consolidated Subsidiaries by such Affiliate or other Person during such period.

"Consolidated Subsidiary" means, in relation to any Person, as of the time a determination thereof is to be made, any Subsidiary or other entity the accounts of which would be consolidated with those of the Person in its consolidated financial statements if such statements were prepared as of such date.

"Consolidated Tangible Net Worth" means, as of the time a determination thereof is to be made, the consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries, less their consolidated intangible assets, all determined as of such date in accordance with Agreement Accounting Principles.

"Continuation Notice" means a notice by means of telecopy or telephone (confirmed in writing promptly thereafter if by telephone) of continuation, which notice shall specify the principal amount to be continued, the date of such continuation and the Interest Period, which notice, when delivered by telecopy or confirmed in writing, shall be substantially in the form of Exhibit E and executed on behalf of the Company by an Authorized Officer.

"Debt" means all Indebtedness of the type referred to in clauses (i), (ii), (iii), (iv) and (v) of the definition of Indebtedness.

"Debt/Capitalization Ratio" means, as of the time a determination thereof is to be made, the ratio expressed as a decimal of (x) the aggregate outstanding amount of the consolidated Debt of the Parent and its Consolidated

Subsidiaries, to (y) the sum of the consolidated stockholders' equity of the Parent and its Consolidated Subsidiaries plus the aggregate outstanding amount of the consolidated Debt of the Parent and its Consolidated Subsidiaries; provided, however, that, for purposes of the definition of Eurodollar Spread, the Debt/Capitalization Ratio on each day commencing on the forty-fifth (45th) day following the end of a calendar quarter shall be deemed to be the lesser of (a) the Debt/Capitalization Ratio as of the end of such calendar quarter and (b) the Debt/Capitalization Ratio as of the final day of the month following the end of such calendar quarter, in each case based on a certificate received by the Global Administrative Agent and the U.S. Lenders from an Authorized Officer of the Parent pursuant to Section 9.1(k) of the U.S. Credit Agreement; provided, further, that until the forty-fifth (45th) day following the calendar quarter ending September 30, 1996, the Debt/Capitalization Ratio shall be deemed to be "(0.55" for purposes of the definition of Eurodollar Spread and the calculation of applicable fees.

"Debt Limit Excession" means the condition existing at any time prior to the Termination Date in which the outstanding principal balance of the Borrowing Base Debt as of such date exceeds the Global Borrowing Base as of such date.

"Declining Lender" is defined in Section 2.2.

"Default" means any event described in Article XII.

"Downgrade Condition" shall have the meaning assigned to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"EBITDDA" means, for any period for which a determination thereof is to be made, without duplication, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) depreciation expense and depletion expense, (iv) amortization expense, (v) federal and state taxes, (vi) other non-cash charges and expenses and (vii) any losses arising outside of the ordinary course of business which have been included in the determination of Consolidated Net Income less any gains arising outside of the ordinary course of business which have been included in the determination of Consolidated Net Income, all as determined on a consolidated basis for the Parent and its Consolidated Subsidiaries.

"Engineering Bank" means each of First Chicago and Chase in their respective capacities as Engineering Banks.

"Environmental Law" means any federal, state, provincial, territorial or local statute (including for example and without limitation, the Environmental Protection Act 1986 (WA), Explosives & Dangerous Goods Act 1961 (WA), Mining Act (WA), Clean Air Act 1961 (NSW), Clean Water Act 1970 (NSW), Noise Control Act 1975 (NSW), Dangerous Goods Act 1975 (NSW), Environmentally Hazardous Chemicals Act 1985 (NSW), Waste Minimisation & Management Act 1995 (NSW), Environmental Offenses & Penalties Act 1989 (NSW), Pollution Act 1970 (NSW), Environmental Planning & Assessment Act 1979 (NSW) and the Environmental Protection (Impact of Proposals) Act of 1974 Commonwealth of Australia), or rule or regulation promulgated thereunder, any judicial or administrative order or judgment or written administrative request to which the Company or any Subsidiary is party or any of which are applicable to the Company or any Subsidiary or the Properties (whether or not by consent), and any provision or condition of any permit, license or other governmental operating authorization, relating to (A) 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; (B) occupational or public health or safety; or (C) planning.

"Equivalent Amount" in one currency (the "first currency") of an amount in another currency (the "other currency") means the amount of the first currency which is required to purchase such amount of the other currency

at the rate determined on the basis of the Spot Rate of Exchange for the other currency against the first currency at the time of determination.

"Eurodollar Advance" means a Revolving Advance which bears interest at a Eurodollar Rate.

"Eurodollar Base Rate" means, with respect to a Eurodollar Advance for the relevant Interest Period, (a) the rate determined by the Australian Administrative Agent to be the arithmetic mean of the rates displayed on the Reuters screen LIBO page for a term equivalent or approximate equivalent to that Interest Period for the value date which is the first day of that Interest Period; or (b) if (i) for any reason there are no rates displayed for a term equivalent or approximate equivalent to that Interest Period or (ii) the basis on which those rates are displayed is changed and in the opinion of the Australian Administrative Agent those rates cease to reflect the Australian Lenders' cost of funding to the same extent as at the date of this Agreement, then the "Eurodollar Base Rate" will be (x) if all Australian Lenders and the Company agree to such a rate, the rate determined by the Australian Administrative Agent to be the appropriate equivalent having regard to prevailing market conditions, or (y) if no agreement as contemplated in (x) above is reached by 4:00 p.m. (Sydney time) on the day prior to the first day of the relevant Interest Period, the rate determined by the Australian Administrative Agent to be the average of the rates quoted to it by three leading banks selected by it in the London interbank market at or about 11 a.m. (London time) two Business Days before that Interest Period for the making of deposits in U.S. Dollars with other leading banks in the London interbank market for a term equivalent or approximately equivalent to that Interest Period. The Eurodollar Base Rate shall be rounded, if not a whole number multiple of 1/16 of 1%, to the next higher 1/16 of 1%.

"Eurodollar Loan" means a Loan which bears interest at a Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Loan or Eurodollar Advance for each day during the relevant Interest Period, the sum of (i) the Eurodollar Base Rate applicable to that Interest Period plus (ii) the Eurodollar Spread applicable to that day. The Eurodollar Rate shall be rounded, if not a whole number multiple of 1/16 of 1%, to the next higher 1/16 of 1%.

"Eurodollar Spread" means, on any date and with respect to each Eurodollar Advance, the applicable rate per annum set forth in Schedule A based on the applicable Rating Level and Debt/Capitalization Ratio on such date.

"Excluded Principal Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"First Chicago" means The First National Bank of Chicago in its individual capacity, and its successors and assigns.

"Global Administrative Agent" means The First National Bank of Chicago or any Affiliate thereof in its capacity as global administrative agent for the Combined Lenders pursuant to Article XV, and not in its individual capacity as a U.S. Lender or in its capacity as an Engineering Bank and any successor Global Administrative Agent appointed pursuant to Article XV.

"Global Borrowing Base" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Global Credit Facility Debt" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Global Effective Date" means a date agreed upon by the Parent, the Company, the Arrangers, the Australian Administrative Agent and the Global Administrative Agent as the date on which the conditions precedent set forth in Section 7.1 of this Agreement have been satisfied.

"Global Effectiveness Notice" means a notice and certificate of the Parent and the Company properly executed by an Authorized Officer of each the Parent and the Company addressed to the Combined Lenders and delivered to the Global Administrative Agent, in sufficient number of counterparts to provide one for each Combined Lender and each Agent, whereby the Parent and the Company certify satisfaction of all the conditions precedent to the effectiveness under Section 7.1 of this Agreement, under Section 7.1 of the Canadian Credit Agreement and under Section 7.1 of the U.S. Credit Agreement.

"Global Loan Documents" means the U.S. Loan Documents, the Australian Loan Documents, the Canadian Loan Documents, the Intercreditor Agreement and Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

"Guaranteed Obligation" means, with respect to any Person as of the time a determination thereof is to be made (without duplication), (i) any obligation, contingent or otherwise, of any such Person whether as guarantor, surety or otherwise with respect to any Indebtedness (other than Indebtedness for which the Company or any Borrowing Base Subsidiary of the Company is the primary obligor), and (ii) any obligation to a foreign government or foreign governmental agency under which such Person must either perform or pay a sum of money in lieu of performance; provided, however, that any obligation of any Person which is Indebtedness of the Company or one or more of its Borrowing Base Subsidiaries shall not be a Guaranteed Obligation of such Person for purposes of this Agreement; and provided further that obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the sale, exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom are not Guaranteed Obligations for purposes of this definition.

"Guarantor" means any Subsidiary of the Company which is a guarantor pursuant to a Guaranty in favor of the Agents and the Australian Lenders delivered pursuant to Section 9.11.

"Guaranty" means each deed of guaranty delivered pursuant to either Section 7.1 or Section 9.11, or as required by the definition of "Change of Control", in each case as such guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Hazardous Material" means (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act, as amended; (c) any petroleum, crude oil or any fraction thereof; (d) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; (e) 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; (f) asbestos-containing materials in any form or condition; or (g) polychlorinated biphenyls in any form or condition.

"Highest Lawful Rate" is defined in Section 3.2.

"Hydrocarbon Interests" means leasehold and other interests in or under leases with respect to property located in Australia and any other countries acceptable to the Combined Required Lenders, mineral fee interests, production sharing contracts, overriding royalty and royalty interests, net profit interests and production payment interests, insofar and only insofar as such interests relate to Hydrocarbons located in the United States of America, Canada, Australia and any other countries acceptable to the Combined Required Lenders, including any reserved or residual interests of whatever nature.

"Hydrocarbons" means oil, gas and all other liquid or gaseous hydrocarbons and all products refined therefrom and all other minerals and substances, including sulfur, geothermal steam, water, carbon dioxide, helium and any and all other minerals, ores or substances of value and the products and proceeds therefrom.

"include" or "including" means including without limiting the generality of any description preceding such terms, and, for purposes of this Agreement and each other Australian Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" means, with respect to a Person at any time, such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services, including obligations payable out of Hydrocarbon production, other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade, (iii) obligations, whether or not assumed, secured by Liens (other than Liens permitted by Section 11.5, clauses (a) through (d) or clauses (f) through (m)) or payable out of the proceeds of production from property now or hereafter owned or acquired by such Person, (iv) obligations (other than the obligations previously described in clauses (i), (ii), or (iii) of this definition) which are evidenced by notes, bonds, debentures, bankers' acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) liabilities under interest rate swap, exchange, collar or cap agreements and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates, (vii) net liabilities under commodity hedge, commodity swap, exchange, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect a person against fluctuations in oil or gas prices provided that, each such contract will be marked-to-market and the gain or loss on each such contract and any amounts on deposit with any counterparties or exchanges shall be included in determining such Person's net liability with respect to such contract, (viii) obligations, contingent or otherwise, relative to the amount of all letters of credit, whether or not drawn, and (ix) all Guaranteed Obligations of such Person in respect of any of the foregoing; provided, however, that "Indebtedness" shall not include any amounts included as deferred credits on the financial statements of such Person or of a consolidated group including such Person, determined in accordance with Agreement Accounting Principles; provided further that for purposes of the foregoing clauses (ii), (iii) and (ix) and the "other instruments" described in the foregoing clause (iv), obligations pursuant to any oil, gas and/or mineral lease, farm-out agreement, division order, contract for the exchange or processing of oil, gas and/or other hydrocarbons, unitization and pooling declaration and agreement, operating agreement, development agreement, area of mutual interest agreement, marketing agreement or arrangement, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom shall not be Indebtedness.

"Indemnified Person" is defined in Section 14.7.

"Indemnity Agreements" means (i) that certain letter agreement, dated as of October 31, 1996, among the Company, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, (ii) that certain letter agreement, dated as of October 31, 1996, among the Canadian Borrower, the Global Administrative Agent the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, and (iii) that certain letter agreement, dated as of October 31, 1996, among the Parent, the Global Administrative Agent, the Australian Administrative Agent, the Canadian Administrative Agent and the Combined Lenders, each in form and substance acceptable to the Agents and the Arrangers, as each may be amended, supplemented, restated or otherwise modified from time to time.

"Intercreditor Agreement" means that certain Intercreditor Agreement of even date herewith among the Global Administrative Agent, the Co-Agent (as defined in the U.S. Credit Agreement), the Canadian Administrative Agent, the Australian Administrative Agent, the Arrangers and the Combined Lenders, in form and substance acceptable to the Agents and the Arrangers, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Interest Period" means, with respect to a Eurodollar Advance, a period of one (1), two (2), three (3) or six (6) months commencing on a Business Day selected by the Company pursuant to this Agreement. Such Interest Period shall end on (but exclude) the day which corresponds numerically to such date one (1), two (2), three (3) or six (6) thereafter, provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Eurodollar Interest Period shall end on the last Business Day of such next, second or third succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day; provided, however, that if said next succeeding Business Day falls in the next month, such Interest Period shall end on the immediately preceding Business Day.

"Investment" means, with respect to any Person, any loan, advance, extension of credit (excluding accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, notes, debentures or other securities of any other Person made by such Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Judgment Currency" is defined in Section 6.9(b).

"Lending Installation" means any office, branch, subsidiary or affiliate of any Australian Lender or the Australian Administrative Agent.

"Lien" means any interest in assets or property securing an obligation owed to, or a claim by, a Person other than the owner of the asset or property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including any security interest, mortgage, pledge, lien, claim, charge, encumbrance, contract for deed, installment sales contract, production payment, lessor's interest under a Capitalized Lease or analogous instrument, in, of or on any Person's assets or properties in favor of any other Person.

"Loan" means, with respect to a Australian Lender, a revolving loan made by such Australian Lender pursuant to Sections 2.1 and 3.3 as the result of a Borrowing Notice from the Company requesting an Advance.

"Material Adverse Effect" means with respect to any matter that such matter (i) could reasonably be expected to materially and adversely affect the assets, business, properties, condition (financial or otherwise), prospects, or results of operations of the Company and its Subsidiaries, taken as a whole, or the value or condition of the Properties taken as a whole, or the ability of the Company or any Subsidiary of the Company which is a party to a Australian Loan Document to perform its respective obligations under any of the Australian Loan Documents to which it is party, or (ii) has been brought by or before any court or arbitrator or any governmental body, agency or official, and draws into question or otherwise has or reasonably could be expected to have a material adverse effect on the validity or enforceability of any material provision of any Australian Loan Document against any obligor party thereto or the rights, remedies and benefits available to the Agents and the Australian Lenders under the Australian Loan Documents, respectively.

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

"1996 Engineers' Report" means those certain Supplemental Reserve Reports as of January 1, 1996 of the Parent's engineers, Ryder Scott Company Petroleum Engineers, dated as of April 16, 1996, with respect to the Properties, copies of which have been delivered to the Global Administrative Agent, the Australian Administrative Agent and each of the Australian Lenders.

"Non-Borrowing Base Subsidiary" means, at any time, any Subsidiary of the Company which is not a Borrowing Base Subsidiary.

"Note" means a promissory note in substantially the form of Exhibit A hereto (with appropriate insertions and deletions), duly executed and delivered to the Australian Administrative Agent by the Company and payable to the order of a Australian Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note.

"Notice of Substitution" is defined in Section 17.3(b).

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid facility fees, and all other obligations of the Company or any Subsidiary to any Australian Lender or any Agent, whether or not contingent, arising under or in connection with any of the Australian Loan Documents, and all obligations in respect of any interest rate swap or interest rate cap or collar agreement or other interest rate hedging agreement entered into by the Company or any Subsidiary with any Australian Lender.

"or" as used in this Agreement is not exclusive.

"Original Termination Date" means October 31, 2001.

"Other Currency" is defined in Section 6.9(a).

"Parent" means Apache Corporation, a corporation organized under the laws of the State of Delaware.

"Parent's Engineers' Report" shall have the meaning ascribed to "Company's Engineers' Report" in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Participant" is defined in Section 17.2(a).

"Payment Date" means the second day of January and the first day of each April, July and October of each calendar year, commencing January 2, 1997.

"Person" means any corporation, limited liability company, natural person, firm, joint venture, partnership, trust, unincorporated organization, enterprise, government or any department or agency of any government.

"Projections" means the Parent's Operations and Financial Summary Data consisting of the Company Case dated April 19, 1996 and the Liquidating Case dated April 19, 1996.

"Properties" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Purchaser" is defined in Section 17.3(a).

"Qualified Long Term Rating" means in respect of any Person, a Person which has senior, unsecured long-term debt rated either A- or higher by S&P or A(3) or higher by Moody's.

"Rating Level" shall have the meaning ascribed to such term in the U.S. Credit Agreement (without amendment except as permitted pursuant to the Intercreditor Agreement).

"Reference Lenders" means First Chicago and Chase.

"Regulation U" means any of Regulations G, T, U or X of the Board of Governors of the Federal Reserve System from time to time in effect and shall include any successor or other regulations or official interpretations of said Board of Governors or any successor Person relating to the extension of credit for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System or any successor Person.

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

"Replacement Lender" is defined in Section 2.2.

"Required Lenders" means, as of any date of determination, Australian Lenders having in the aggregate at least 66-2/3% of the Aggregate Commitment or, if the Aggregate Commitment has been terminated, Australian Lenders holding at least 66-2/3% of the then outstanding principal amount of the Loans.

"Revolving Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Australian Lenders or any of them to the Company on the same Borrowing Date for the same Interest Period.

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

"Sale" means any sale, transfer, assignment, lease, conveyance, exchange, swap or other disposition.

"Schedules" means Schedules A, 8.8, 11.1 and 11.10 hereto.

"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 debts as and when they become due and payable; and

(c) such Person does not have unreasonably small capital with which to conduct its business.

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.

"Spot Rate of Exchange" means, on any date, the Australian Administrative Agent's rate of exchange between two currencies at or about noon (Sydney time) on that day for value on the Second Business Day after that date.

"Subsidiary" means, with respect to any Person, any other Person more than 50% of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person; provided, that with respect to the Company, Subsidiaries shall include any Person more than 50% of the outstanding voting

securities of which shall at the time be owned or controlled, directly or indirectly, by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Substitution Certificate" means a certificate executed by a retiring Australian Lender and a substituting Australian Lender pursuant to Section 17.3 substantially in the form of Exhibit D hereto.

"Termination Date" means the Original Termination Date, or such other later date as may result from any extension requested by the Company and consented to by the Australian Lenders pursuant to Section 2.2.

"Transferee" is defined in Section 17.4.

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

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"U.S. Commitments" has the meaning of the term "Aggregate Commitment" as defined in the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Fourth Amended and Restated Credit Agreement of even date herewith among the Parent, the U.S. Lenders, The First National Bank of Chicago, as Global Administrative Agent, the Chase Manhattan Bank, as Co-Agent, First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger, as it may be amended, supplemented, restated or otherwise modified from time to time.

"U.S. Lenders" means the financial institutions listed on the signature pages of the U.S. Credit Agreement and their respective successors and assigns.

"U.S. Loan Documents" means the U.S. Credit Agreement, any notes, any guaranties, any assignment agreements, the agreement with respect to fees, the Intercreditor Agreement and the Indemnity Agreements, together with all exhibits, schedules and attachments thereto, and all other agreements, documents, certificates, financing statements and instruments from time to time executed and delivered pursuant to or in connection with any of the foregoing.

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 each Schedule and Exhibit hereto and in each Note, Borrowing Notice, Continuation Notice, Australian Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Australian Loan Document.

1.3. Cross References. Unless otherwise specified, references in this Agreement and in each other Australian Loan Document to any Article, Section, Exhibit or Schedule are references to such Article or Section of or Schedule or Exhibit to this Agreement or such other Australian 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.

1.4. Accounting and Financial Determination. Unless otherwise specified, all accounting terms used herein or in any other Australian Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder, and all financial statements required to be delivered hereunder or thereunder, shall be prepared in accordance with, the Agreement Accounting Principles.

1.5. Currency References. Unless otherwise specified herein, all dollar amounts expressed herein shall refer to U.S. Dollars. Except as otherwise herein specified, for purposes of calculating compliance with the

terms of this Agreement and the other Australian Loan Documents (including for purposes of calculating compliance with the covenants), any other obligation or calculation shall be converted to its Equivalent Amount in U.S. Dollars.

ARTICLE II

THE FACILITY

2.1. The Facility.

(a) Description of Facility. On the terms and subject to the conditions set forth in this Agreement (including satisfaction of the conditions precedent set forth in Article VII), the Australian Lenders grant to the Company a revolving credit facility pursuant to which, and upon the terms and conditions herein set out, each Australian Lender severally agrees to make Loans to the Company in accordance with this Section and Article III. Apache Energy Limited and Apache Oil Australia shall be jointly and severally liable for all Obligations under this Agreement and the other Australian Loan Documents.

(b) Facility Amount. In no event may the aggregate principal amount of all outstanding Loans exceed the lesser of the Aggregate Commitment or the Global Borrowing Base and no Australian Lender shall be obligated to make any Loan hereunder if, after giving effect to such Loan, the sum of the aggregate outstanding principal amount of all Borrowing Base Debt would exceed the Global Borrowing Base; provided that if the Company shall have requested an Advance the proceeds of which will be used to repay outstanding Borrowing Base Debt and so long as no Default or Unmatured Default shall have occurred and be continuing, then, with respect to the calculations set forth in this subsection, such Advance shall not be included within the amount of outstanding Loans and outstanding Borrowing Base Debt until 5:00 p.m. (U.S. Central Time ("Central Time")) on the day of such Advance; provided, further, that the continuation of any Eurodollar Loan as a Eurodollar Loan with an Interest Period of one month or any such shorter period permitted pursuant to the following proviso shall not be deemed to be a borrowing of a Loan for purposes of this subsection or an Advance during the applicable period provided in Section 4.1(a) for the Company to make a mandatory payments because of a Debt Limit Excession; provided, further, that, upon the request of the Company for the continuation of a Eurodollar Loan as a Eurodollar Loan with an Interest Period of less than one month, the Australian Administrative Agent, after obtaining the consent of the Australian Lenders, will use reasonable efforts to continue such a Eurodollar Loan as a Eurodollar Loan of the requested duration.

(c) All Loans. Subject to the terms and conditions of this Agreement, the Company may borrow, repay and reborrow all Loans made under this Agreement in U.S. Dollars at any time prior to the Termination Date. The obligations of the Australian Lenders to make Loans shall cease on the Termination Date, and any and all Loans outstanding on such date shall be due and payable on such date.

(d) Revolving Advances. Each Revolving Advance hereunder shall consist of borrowings made from the several Australian Lenders ratably in proportion to the amounts of their respective Commitments.

2.2. Extension of Termination Date and of Aggregate Commitment.

(a) Subject to the other provisions of this Agreement, the Aggregate Commitment shall be effective for an initial period from the Global Effective Date to the Original Termination Date; provided that the Termination Date, and concomitantly the Aggregate Commitment, may be extended for successive one year periods expiring on the date which is one (1) year from the then scheduled Termination Date. If the Company shall request in an Annual Certificate of Extension delivered to the Global Administrative Agent and the Australian Administrative Agent concurrently with delivery by the Parent under the U.S. Credit Agreement of the Approved Engineers' Report delivered prior to the then scheduled Termination Date that the Termination Date be extended for one year from the then scheduled Termination Date, then the Australian Administrative Agent shall promptly notify each Australian

Lender of such request and each Australian Lender shall notify the Australian Administrative Agent, no later than the next date by which each Australian Lender is required, pursuant to Section 2.3(a) of the U.S. Credit Agreement, to approve or disapprove the Engineering Banks' determination of the Global Borrowing Base, and whether such Australian Lender, in the exercise of its sole discretion, will extend the Termination Date for such one year period. Any Australian Lender which shall not timely notify the Australian Administrative Agent whether it will extend the Termination Date shall be deemed to not have agreed to extend the Termination Date. No Australian Lender shall have any obligation whatsoever to agree to extend the Termination Date. Any agreement to extend the Termination Date by any Australian Lender shall be irrevocable, except as provided in Section 2.2(c).

(b) If all the Australian Lenders notify the Australian Administrative Agent pursuant to clause (a) of this Section 2.2 of their agreement to extend the Termination Date, then the Australian Administrative Agent shall so notify the Global Administrative Agent, each Australian Lender and the Company, and such extension shall be effective without other or further action by any party hereto for such additional one year period.

(c) If Australian Lenders constituting at least the Required Lenders approve the extension of the then scheduled Termination Date (such Australian Lenders agreeing to extend the Termination Date herein called the "Accepting Lenders"), and if one or more of the Australian Lenders shall notify, or be deemed to notify, the Australian Administrative Agent pursuant to clause (a) of this Section 2.2 that they will not extend the then scheduled Termination Date (such Australian Lenders herein called the "Declining Lenders"), then (A) the Australian Administrative Agent shall promptly so notify the Company and the Accepting Lenders, (B) the Accepting Lenders shall, upon the Company's election to extend the then scheduled Termination Date in accordance with clause (i) or (ii) below, extend the then scheduled Termination Date and (C) the Company shall pursuant to a notice delivered to the Global Administrative Agent, the Australian Administrative Agent, the Accepting Lenders and the Declining Lenders, no later than the tenth day following the date by which each Australian Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Aggregate Commitment, either:

(i) elect to extend the Termination Date with respect to the Accepting Lenders and direct the Declining Lenders to terminate their Commitments, which termination shall become effective on the date which would have been the Termination Date except for the operation of this Section 2.2. On such date, (x) the Company shall deliver a notice of the effectiveness of such termination to the Declining Lenders with a copy to the Global Administrative Agent and the Australian Administrative Agent and (y) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders and (z) upon the occurrence of the events set forth in clauses (x) and (y), the Declining Lenders shall each cease to be a Australian Lender hereunder for all purposes, other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement, and shall cease to have any obligations or any Commitment hereunder, other than to the Agents pursuant to Section 15.8, and the Australian Administrative Agent shall promptly notify the Accepting Lenders, the Global Administrative Agent and the Company of the new Aggregate Commitment; or

(ii) elect to extend the Termination Date with respect to the Accepting Lenders and, prior to or no later than the then scheduled Termination Date, (A) to replace one or more of the Declining Lender or Declining Lenders with another lender or lenders reasonably acceptable to the Australian Administrative Agent and the Global Administrative Agent (such lenders herein called the "Replacement Lenders") and (B) the Company shall pay in full in immediately available funds all Obligations of the Company owing to the Declining Lenders which are not being replaced, as provided in clause (i) above; provided that (x) the Replacement Lender or Replacement Lenders shall purchase, and the Declining Lender or Declining Lenders shall sell, the Notes of the Declining Lender or Declining Lenders being replaced and the Declining Lender's or Declining Lenders' rights hereunder without recourse or expense to, or warranty by, such Declining Lender or Declining Lenders being replaced for a purchase price equal to the aggregate outstanding principal amount of the Note or Notes payable to such Declining Lender or Declining Lenders plus any accrued but unpaid interest on such Note or Notes and accrued but unpaid fees

in respect of such Declining Lender's or Declining Lenders' Loans and Commitments hereunder, and (y) all obligations of the Company owing under or in connection with this Agreement to the Declining Lender or Declining Lenders being replaced (including, without limitation, such increased costs, breakage fees payable under Section 6.3 and all other costs and expenses payable to each such Declining Lender) shall be paid in full in immediately available funds to such Declining Lender or Declining Lenders concurrently with such replacement, and (z) upon the payment of such amounts referred to in clauses (x) and (y), the Replacement Lender or Replacement Lenders shall each constitute an Australian Lender hereunder and the Declining Lender or Declining Lenders being so replaced shall no longer constitute an Australian Lender (other than for purposes of Article VI, Section 14.7 and the Indemnity Agreement), and shall no longer have any obligations hereunder, other than to the Agents pursuant to Section 15.8; or

(iii) elect to revoke and cancel the extension request in such Annual Certificate of Extension by giving notice of such revocation and cancellation to the Global Administrative Agent and the Australian Administrative Agent (which shall promptly notify the Australian Lenders thereof) no later than the tenth day following the date by which each Australian Lender is required, pursuant to Section 2.2(a), to approve or disapprove the requested extension of the Termination Date, and concomitantly the Aggregate Commitment.

If the Company fails to timely provide the election notice referred to in this clause(c), the Company shall be deemed to have revoked and cancelled the extension request in the Annual Certificate of Extension and to have elected not to extend the Termination Date, and the concomitant Aggregate Commitment, with respect to the Accepting Lenders, and, on the then scheduled Termination Date, the Company shall repay in full all Obligations under the Australian Loan Documents.

2.3. [Intentionally Omitted].

2.4. Facility Fee; Other Fees.

(a) Facility Fee. The Company agrees to pay to the Australian Administrative Agent for the account of each Australian Lender a facility fee for the period from (and including) the date hereof to the Termination Date, at the applicable rates per annum set forth in Schedule A based on the applicable Rating Level on such Australian Lender's ratable portion of the Aggregate Commitment as in effect from time to time.

Facility fees accruing pursuant to this Section 2.4(a) shall be payable in arrears on each Payment Date hereafter and on the Termination Date. The effective date for any change in the Facility Fees accruing pursuant to this Section 2.4(a) shall be any date on which a change in the applicable Rating Level occurs.

(b) Agents' Fees. The Company shall pay to each Agent for its own respective account such fees in connection with this Agreement as previously have been agreed in writings between the Company and any such Agent (as such writings may hereafter be amended, supplemented, restated or otherwise modified and in effect).

ARTICLE III

BORROWING; ETC.

3.1. Method of Borrowing. Not later than 2:00 p.m. (New York time) on each Borrowing Date for Loans, each Australian Lender shall make available its Loan or Loans, in funds immediately available, to the Australian Administrative Agent by transferring or depositing such funds to the bank or account which the Australian Administrative Agent may specify in writing for that purpose from time to time. The Australian Administrative Agent will make the funds so received from the Australian Lenders with respect to Loans available to the Company

by transferring or depositing such funds to the bank or account in Sydney or outside of Australia which the Company may specify in writing for that purpose.

3.2. Maximum Interest. It is the intention of the parties hereto to conform strictly to applicable interest, usury and criminal laws and, anything herein to the contrary notwithstanding, the obligations of the Company to an Australian Lender or any Agent 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 Australian Lender or Agent limiting rates of interest which may be charged or collected by such Australian Lender or Agent. Accordingly, if the transactions contemplated hereby would be illegal, unenforceable, usurious or criminal under laws applicable to an Australian Lender or Agent (including the laws of any jurisdiction whose laws may be mandatorily applicable to such Australian Lender or Agent notwithstanding anything to the contrary in this Agreement or any other Australian Loan Document but subject to Section 3.8 hereof) then, in that event, notwithstanding anything to the contrary in this Agreement or any other Australian Loan Document, it is agreed as follows:

(a) the provisions of this Section 3.2 shall govern and control;

(b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such Australian Lender or Agent shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to each Australian Lender and the Agent herein called the "Highest Lawful Rate"), and any excess shall be cancelled automatically and if theretofore paid shall be credited to the Company by such Australian Lender or Agent (or, if such consideration shall have been paid in full, such excess refunded to the Company);

(c) all sums paid, or agreed to be paid, to such Australian Lender or Agent for the use, forbearance and detention of the indebtedness of the Company to such Australian Lender or Agent hereunder or under any Australian Loan Document shall, to the extent permitted by laws applicable to such Australian Lender or Agent, as the case may be, 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;

(d) if at any time the interest provided pursuant to this Section 3.2 or any other clause of this Agreement or any other Australian Loan Document, together with any other fees or compensation payable pursuant to this Agreement or any other Australian Loan Document and deemed interest under laws applicable to such Australian Lender or Agent, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees or compensation to accrue to such Australian Lender or Agent pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement or any other Australian Loan Document, 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 Australian Lender or Agent pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement or such other Australian Loan Document, as the case may be, and such fees or compensation deemed to be interest equals the amount of interest which would have accrued to such Australian Lender or Agent if a varying rate per annum equal to the interest provided pursuant to any other relevant Section hereof (other than this Section 3.2), as applicable, had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section 3.2; and

(e) with the intent that the rate of interest herein shall at all times be lawful, and if the receipt of any funds owing hereunder or under any other agreement related hereto (including any of the other Australian Loan Documents) by such Australian Lender or Agent would cause such Australian Lender

to charge the Company a criminal rate of interest, the Australian Lenders and the Agents agree that they will not require the payment or receipt thereof or a portion thereof which would cause a criminal rate of interest to be charged by such Australian Lender or Agent, as applicable, and if received such affected Australian Lender or Agent will return such funds to the Company so that the rate of interest paid by the Company shall not exceed a criminal rate of interest from the date this Agreement was entered into.

3.3. Method of Selecting Interest Periods for Loans. The Company shall select the Interest Period applicable to each Revolving Advance from time to time. The Company shall give the Australian Administrative Agent irrevocable notice (a "Borrowing Notice") not later than noon (Sydney time) at least three (3) Business Days before the Borrowing Date for each Eurodollar Advance, specifying:

- (i) that the Borrowing Notice is delivered under this Agreement,
- (ii) the Borrowing Date, which shall be a Business Day, of such Revolving Advance,
- (iii) the aggregate amount of such Revolving Advance,
- (iv) the Interest Period applicable thereto, and
- (v) an account or accounts in Sydney or outside of Australia for payment of the Advance previously designated to the Australian Administrative Agent by a written notice executed by an Authorized Officer of each of Apache Energy Limited and Apache Oil Australia.

Each Eurodollar Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined from time to time as applicable to such Eurodollar Advance. The Company shall select Interest Periods with respect to Eurodollar Advances so that it is not necessary to pay a Eurodollar Advance prior to the last day of the applicable Interest Period in order to make the mandatory repayment on the Termination Date.

3.4. [Intentionally Omitted].

3.5. Minimum Amount of Each Advance. Each requested Advance shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof). No more than seven (7) Advances will be outstanding under this Agreement at any time.

3.6. Continuation Elections. By providing a Continuation Notice to the Australian Administrative Agent on or before noon (Sydney time) on a Business Day, the Company 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 \$5,000,000 and an integral multiple of \$1,000,000 or the remaining balance of any Loans be continued as Eurodollar Loans (in the absence of delivery of a Continuation 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 continue as a Eurodollar Loan with an Interest Period of one month).

3.7. Telephonic Notices. The Company hereby authorizes the Australian Lenders and the Australian Administrative Agent to extend Advances based on telephonic notices made by any Person or Persons the Australian Administrative Agent or any Australian Lender in good faith believes to be acting on behalf of the Company. The Company agrees to deliver promptly to the Australian Administrative Agent a written confirmation of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Australian Administrative Agent and the Australian Lenders, the records of the Australian Administrative Agent and the Australian Lenders shall govern absent manifest error.

3.8. Rate after Maturity. Any Advance not paid at maturity, whether by acceleration or otherwise, shall bear interest for the remainder of the applicable Interest Period, at the rate (including the Eurodollar Spread) otherwise applicable to such Interest Period plus 2% per annum.

3.9. Interest Payment Dates; Determination of Interest and Fees.

(a) Interest Payment Dates. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period and on any date on which such Eurodollar Advance is prepaid, whether due to acceleration or otherwise. Interest accrued on each Eurodollar Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period.

(b) Determination of Interest and Fees. Facility fees shall be calculated for actual days elapsed on the basis of a 365- or, if applicable, 366-day year, and all other interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Any change in the Eurodollar Spread attributable to a change in the Debt/Capitalization Ratio, if any, shall be effective on the forty-fifth (45th) day following the end of the calendar quarter in which occurred a change in Debt/Capitalization Ratio. Any change in the Eurodollar Spread attributable to a change in the Company's applicable Rating Level, if any, shall be effective on the same day as such change in the Company's applicable Rating Level.

3.10. Notification of Advances, Interest Rates, Prepayments and Commitment Reductions. Promptly after receipt thereof, the Australian Administrative Agent will notify each Australian Lender of the contents of each commitment reduction notice (pursuant to Section 4.5), Borrowing Notice, Continuation Notice, and repayment notice received by it hereunder. The Australian Administrative Agent will notify each Australian Lender of the Eurodollar Rate applicable to each Eurodollar Advance promptly upon determination of such Eurodollar Rate.

3.11. Non-Receipt of Funds by the Australian Administrative Agent. Unless the Company or an Australian Lender, as the case may be, notifies the Australian Administrative Agent prior to the date on which it is scheduled to make payment to the Australian Administrative Agent of (i) in the case of an Australian Lender, the proceeds of a Loan or (ii) in the case of the Company, a payment of principal, interest, fees or other amounts to the Australian Administrative Agent for the account of the Australian Lenders or any Agent, that it does not intend to make such payment, the Australian Administrative Agent may assume that such payment has been made. The Australian Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Australian Lender or the Company, as the case may be, has not in fact made such payment to the Australian Administrative Agent, the recipient of such payment shall, on demand by the Australian Administrative Agent, repay to the Australian Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Australian Administrative Agent until the date the Australian Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by an Australian Lender, a rate determined by the Australian Administrative Agent, in line with its usual practice, for advances of similar duration to financial institutions of the standing of the Australian Lender or (ii) in the case of payment by the Company, the interest rate applicable to the relevant Loan or, in the case of payments in respect of interest, fees or other amounts, at a rate equal to the Australian Administrative Agent's cost of funding such payments of interest, fees or other amounts.

ARTICLE IV

MANDATORY PAYMENTS; REDUCTIONS OF COMMITMENTS; ETC.

4.1. Mandatory Prepayments.

- (a) Mandatory Prepayments. To the extent that other payments have not been made to remedy the conditions described below, the Company shall:
- (i) if a Debt Limit Excession has occurred and is continuing, within 120 days, unless otherwise provided below, and prior to any payment (other than any scheduled payment) of any other Borrowing Base Debt make a mandatory prepayment on the Loans in an amount equal to the amount necessary to eliminate any such Debt Limit Excession together with all interest accrued on the amount of such prepayment to the date thereof;
 - (ii) in the event that the issuance, assumption or creation of Borrowing Base Debt on any day which would cause a Debt Limit Excession effective as of 5:00 p.m. (Central Time) on such day, immediately, and in any event before 5:00 p.m. (Central Time), on such day make a mandatory prepayment on the Loans in an amount equal to the lesser of (x) the amount which would be necessary to eliminate such a Debt Limit Excession or (y) the aggregate principal amount of such Borrowing Base Debt issued, assumed or created on such day; and
 - (iii) upon the consummation of any Sale of any Property or any Borrowing Base Subsidiary of the Parent constituting (and designated by the Parent in a notice to the Global Administrative Agent as constituting) a permitted Sale under clause (iii) or (iv) of Section 11.3 of the U.S. Credit Agreement which results in a Debt Limit Excession, promptly, and in any event within three (3) Business Days thereof, make a mandatory prepayment on the Loans in the amount necessary to eliminate such Debt Limit Excession.

Notwithstanding that the Company shall have the period in which to make any mandatory prepayment specified in this Section 4.1(a), (i) the Company shall not be entitled to borrow Loans during such period except as provided under Section 2.1(b) and (ii) the Company shall make all other prepayments and payments required under or in connection with this Agreement; provided, that for purposes of the foregoing provisions of this sentence the continuation of any Eurodollar Loan as a Eurodollar Loan with an Interest period of one month or any such shorter period permitted pursuant to the following proviso during such period shall be deemed not to be the borrowing of a Loan; provided, further, that, upon the request of the Company for the continuation of a Eurodollar Loan as a Eurodollar Loan with an Interest Period of less than one month, the Australian Administrative Agent, after obtaining the consent of the Australian lenders, will use reasonable efforts to continue such a Eurodollar Loan as a Eurodollar Loan of the requested duration.

(b) Application of Mandatory Prepayments. Each mandatory prepayment made under this Section 4.1 shall be applied (i) first, ratably among the Australian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due.

4.2. Voluntary Prepayments. The Company may from time to time, at its option, prepay outstanding Advances, upon three (3) Business Days' prior notice to the Australian Administrative Agent; provided that each such prepayment shall be in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof without penalty or premium, except that if such prepayment of a Eurodollar Loan occurs prior to a last day of any applicable Interest Period, the Company shall also pay the amount specified in Section 6.3 at the time of such prepayment. Such prepayments shall be applied, at the Company's option, against outstanding Loans and against installments or amounts due on account thereof in such order of application as the Company shall direct; provided, that if the Company fails to direct an order of application at or prior to the time of such notice of prepayment, then such

prepayments shall be applied (i) first, ratably among the Australian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due; provided, further, that if, at the time of any such prepayment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such prepayment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default.

4.3. Method of Payment. All payments of principal, interest, and fees hereunder shall be made by 1:00 p.m. (New York time) on the date when due in immediately available funds to the Australian Administrative Agent to the account or bank in Sydney or outside of Australia the Australian Administrative Agent may nominate in writing from time to time for that purpose and shall be applied (i) first, ratably among the Australian Lenders with respect to any principal and interest due in connection with Loans and (ii) second, after all amounts described in clause (i) have been satisfied, ratably to any other Obligations then due; provided, however, that, if, at the time of any such payment, any Default shall have occurred and shall be continuing, then the holders of the Obligations shall share such payment on a pro rata basis, based on the respective amount of Obligations owing to each such holder (whether or not matured and currently payable and whether consisting of principal, accrued interest, fees, expenses, indemnities or other types of Obligations) as of the date of occurrence of such Default. As between the Company and any Australian Lender, the timely receipt of any payment by the Australian Administrative Agent from the Company for the account of such Australian Lender shall constitute receipt by such Australian Lender. Each payment delivered to the Australian Administrative Agent for the account of any Australian Lender shall be paid promptly by the Australian Administrative Agent to such Australian Lender in the same type of funds which the Australian Administrative Agent received to the bank or account specified in a notice received by the Australian Administrative Agent from such Australian Lender. Each of the Company and the Australian Administrative Agent shall be deemed to have complied with this Section 4.3 with respect to any payment if it shall have initiated a wire transfer to the appropriate recipient thereof and (on or prior to the date of such transfer) furnished such recipient with written advice (including reasonable detail) of such transfer.

4.4. Notes. Each Australian Lender is hereby authorized to record the principal amount of each of its Loans and each repayment thereof, on the schedule attached to each of its Notes, provided, however, that the failure to so record shall not affect the Company's obligations under any such Note.

4.5. Voluntary Reductions of Commitments. The Company may permanently reduce the Aggregate Commitment in whole, or in part, ratably among the Australian Lenders, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof; provided, however, that the amount of the Aggregate Commitment may not be reduced to an amount which would cause it to be less than the outstanding principal amount of the Loans. All accrued facility fees shall be payable on the effective date of any such reduction or termination of the Aggregate Commitment.

4.6. Voluntary and Mandatory Prepayments. Any prepayments of principal of the Loans, whether voluntary or mandatory, shall include accrued interest to, but not including, the date of the prepayment on the principal amount being prepaid.

ARTICLE V

[Intentionally Omitted].

ARTICLE VI

CHANGE IN CIRCUMSTANCES; TAXES

6.1. Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any reasonable interpretation thereof, or compliance of any Australian Lender with such,

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

(b) imposes any other condition the result of which is to increase the cost to any Australian Lender or any applicable Lending Installation of making, funding or maintaining Loans or reduces any amount receivable by any Australian Lender or any applicable Lending Installation in connection with Loans, or requires any Australian Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Loans held or interest received, by an amount reasonably deemed material by such Australian Lender,

then, within 15 days of demand by such Australian Lender, the Company shall pay such Australian Lender that portion of such increased expense incurred or reduction in an amount received which such Australian Lender reasonably determines is attributable to making, funding and maintaining its Loans and its Commitment.

6.2. Availability of Eurodollar Loans. If any Australian Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, (i) the Australian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to such Australian Lender until such time as such situation is no longer the case, (ii) any Eurodollar Loans from such Australian Lender then outstanding shall bear interest at such Australian Lender's cost of funds plus the Eurodollar Spread for the remainder of the Interest Period applicable to such Loan and (iii) until such time as such situation is no longer the case, any Eurodollar Advance made thereafter shall consist of a Loan which bears interest at such Australian Lender's cost of funds plus the Eurodollar Spread made by such Australian Lender(s) and Eurodollar Loans made by each other Australian Lender. If the Required Lenders reasonably determine that deposits of a type or maturity appropriate to match fund Eurodollar Advances are not available, the Australian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made after the date of any such determination until such time as such situation is no longer the case. If the Required Lenders determine that the Eurodollar Rate does not accurately reflect the cost of making a Eurodollar Advance at such Eurodollar Rate, then, if for any reason whatsoever the provisions of Section 6.1 are inapplicable, the Australian Administrative Agent shall suspend the availability of the Eurodollar Rate with respect to any Eurodollar Advances made on or after the date of any such determination until such time as such situation is no longer the case and shall require any outstanding Eurodollar Advances to be repaid.

6.3. Funding Indemnification. If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise (except pursuant to Section 6.2), or a Eurodollar Advance is not made on the date specified by the Company for any reason other than default by the Australian Lenders, the Company, jointly and severally, will indemnify each Australian Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Eurodollar Advance (net of any cost or expense, unless Section 6.1, 6.5 or 6.6 is applicable thereto, which the Australian Lender would have incurred with respect to such Eurodollar Advance had such prepayment or failure to fund not occurred).

6.4. Lending Installations. Each Australian Lender may book its Loans at any Lending Installation selected by such Australian Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Australian Lender for the benefit of such Lending Installation. Each Australian Lender may, by written or telex or facsimile notice to the Australian Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made. To the extent reasonably possible, each Australian Lender shall designate an alternate Lending Installation with respect to its Eurodollar Loans to reduce any liability of the Company to such Australian Lender under Sections 6.1, 6.5 and 6.6, so long as such designation is not disadvantageous to such Australian Lender in the sole opinion of such Australian Lender.

6.5. 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 Australian Lender or any Person controlling such Australian Lender, and such Australian Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Loans made by such Australian Lender is reduced to a level below that which such Australian Lender, or such controlling Person, as the case may be, could have achieved but for the occurrence of any such circumstance (taking into account such Person's policies as to capital adequacy), then, in any such case upon notice from time to time by such Australian Lender to the Company, the Company shall immediately pay directly to such Australian Lender additional amounts sufficient to compensate such Australian Lender or such controlling Person for such reduction in rate of return. A statement of such Australian Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Company. In determining such amount, such Australian Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

6.6. Taxes. All payments by the Company or any Guarantor of principal of, and interest on, the Loans and all other amounts payable hereunder and in connection herewith 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 Agent's or any Australian Lender's, as applicable, net income or receipts and any participation pursuant to Section 17.2 not occurring during the continuation of a Default (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Company or any Guarantor hereunder or under any Australian Loan Document is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Company will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Australian Administrative Agent an official receipt or other documentation satisfactory to the Australian Administrative Agent or the relevant Agent or Australian Lender evidencing such payment to such authority; and

(c) pay to the Australian Administrative Agent for the account of the Agents and the Australian Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Agent and Australian Lender will equal the full amount such Agent or Australian Lender would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against any Agent or any Australian Lender, with respect to any payment received by it hereunder or in connection herewith, the relevant Agent or Australian Lender may pay such Taxes and the Company 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 equal the amount such Person would have received had such Taxes not been asserted.

If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Australian Administrative Agent, for the account of the respective Agents and Australian Lenders, the required receipts or other required documentary evidence, the Company, jointly and severally, shall indemnify the Agents and the Australian Lenders for any incremental Taxes, interest or penalties that may become payable by any Agent or Australian Lender as a result of any such failure. For purposes of this Section 6.6, a distribution hereunder by the Australian Administrative Agent or any other Agent or any Australian Lender to or for the account of any Agent or Australian Lender shall be deemed a payment by the Company.

6.7. Australian Lender Statements; Survival of Indemnity; Substitution of Australian Lenders; Limitation on Claims by Australian Lenders. Each Agent and Australian Lender shall deliver to the Company and the Australian Administrative Agent a written statement of such Agent or Australian Lender, as the case may be, as to the amount due, if any, under Sections 6.1, 6.3, 6.5 or 6.6. Such written statement shall set forth in reasonable detail the calculations upon which such Agent or Australian Lender, as the case may be, determined such amount and shall be final, conclusive and binding on the Company in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurodollar Loan shall be calculated as though each Australian Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement shall be payable on demand after receipt by the Company of the written statement. The obligations of the Company under Sections 6.1, 6.3, 6.5 and 6.6 shall survive payment of the Obligations and termination of this Agreement. In the event that any Australian Lender shall deliver to the Company and the Australian Administrative Agent a written statement as to an amount due under Section 6.1, 6.3, 6.5 or 6.6, the Company may, at its sole expense and effort, require such Australian Lender to transfer (in accordance with Section 17.3), without recourse, all of its interests, rights and obligations under this Agreement to a transferee which shall assume such transferred obligations (which transferee may be another Australian Lender, if an Australian Lender accepts such transfer); provided that (i) such transfer shall not conflict with any law, rule or regulation or order of any court or other governmental authority, (ii) the Company shall have received a written consent of the Australian Administrative Agent and the Arrangers in the case of an entity that is not an Australian Lender, which consent shall not be unreasonably withheld, (iii) the Company or such transferee shall have paid to the transferring Australian Lender in immediately available funds the principal of and interest accrued to the date of such payment on the Loans made by it hereunder and all other amounts owed to it hereunder and the fee payable to the Australian Administrative Agent pursuant to Section 17.3(b) and (iv) that nothing in the foregoing is intended or shall be construed as obligating any Australian Lender to locate such an a transferee. The Company shall not be required to pay to any Australian Lender any amount under Section 6.1, 6.3, 6.5, or 6.6 in respect of any time or period more than twelve months prior to the time such Australian Lender notifies or bills the Company of or for such amount.

6.8. [Intentionally Omitted].

6.9. Currency Conversion and Currency Indemnity.

(a) Payments in Agreed Currency. The Company or any Guarantor shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was effected. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of the Company or any Guarantor or otherwise howsoever), such payment shall constitute a discharge of the liability of the Company or such Guarantor hereunder and under the other Australian Loan Documents in respect of such obligation only to the extent of the amount of the Agreed Currency which the relevant Australian Lender or Agent, as the case may be, is able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) Conversion of Agreed Currency into Judgment Currency. If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate

of exchange prevailing on the Business Day next preceding the day on which judgment is given and in any event the Company or a Guarantor shall be obligated to pay the Agents and the Australian Lenders any deficiency in accordance with Section 6.9(a). For the foregoing purposes "rate of exchange" means the rate at which the relevant Australian Lender or Agent, as applicable, in accordance with its normal banking procedures is able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) Circumstances Giving Rise to Indemnity. If (i) any Australian Lender or the Agent receives any payment or payments on account of the liability of the Company or any Guarantor hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Australian Lender or Agent, as applicable, is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such obligations immediately prior to such judgment or order, then the Company or the Guarantor on demand shall, and the Company, jointly and severally, or the Guarantor hereby agree to, indemnify and save the Australian Lenders and the Agents harmless from and against any loss, cost or expense arising out of or in connection with such deficiency.

(d) Indemnity Separate Obligation. The agreement of indemnity provided for in Section 6.9(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Australian Lenders or Agents or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

ARTICLE VII

CONDITIONS PRECEDENT

7.1. Conditions of Effectiveness. The effectiveness of this Agreement and the obligation of each Australian Lender to make Loans hereunder, are subject to the conditions precedent that the following documents have been furnished to the Global Administrative Agent and the Australian Administrative Agent, each in form and substance satisfactory to each of the Global Administrative Agent, the Australian Administrative Agent and the Arrangers, and each (except for the Notes, of which only one original of each type shall be signed for each Australian Lender) in sufficient number of duly executed signed counterparts (or photocopies thereof) to provide one for the Global Administrative Agent, the Australian Administrative Agent, the Arrangers and each Australian Lender:

(i) Copies of the Certificate of Incorporation, the Memorandum and Articles of Incorporation of Apache Energy Limited and Apache Oil Australia.

(ii) Copies, certified by the Secretary or Assistant Secretary of Apache Energy Limited and Apache Oil Australia of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Global Administrative Agent and the Australian Administrative Agent) authorizing the execution, delivery and performance of the Australian Loan Documents.

(iii) Incumbency certificates, executed by the Secretary or Assistant Secretary of Apache Energy Limited and Apache Oil Australia, which shall identify by name and title and bear the signature of the officers of each of Apache Energy Limited and Apache Oil Australia authorized to sign the Australian Loan Documents and to make borrowings hereunder, upon which certificate the Agents and the Australian Lenders shall be entitled to rely until informed of any change in writing by Apache Energy Limited and Apache Oil Australia.

(iv) Written opinions of the Company's counsel acceptable to each of the Agents and the Arrangers, addressed to the Agents and the Australian Lenders, in substantially the form of Exhibit B hereto,

with such modifications, additions, alterations, exceptions, assumptions and provisions as shall be acceptable to each of the Agents and the Arrangers.

(v) The Notes payable to the order of each of the Australian Lenders.

(vi) An executed Guaranty from each Borrowing Base Subsidiary.

(vii) A certificate of an Authorized Officer of Apache Energy Limited and Apache Oil Australia, satisfactory to each of the Agents and the Arrangers, regarding insurance maintained by Apache Energy Limited and Apache Oil Australia, respectively.

(viii) The comfort letter, in form and substance acceptable to the Australia Administrative Agent and the Global Administrative Agent, in their sole discretion.

(ix) The opinion of Allen Allen & Hemsley, special Australian counsel to the Australian Administrative Agent, addressed to the Agents and the Australian Lenders, substantially in the form of Exhibit F hereto.

(x) The Global Effectiveness Notice.

(xi) A certificate, signed by an Authorized Officer of the Company, stating that on the Global Effective Date no Default or Unmatured Default has occurred and is continuing.

(xii) Copies of the executed Canadian Credit Agreement and the other Canadian Loan Documents, the executed U.S. Credit Agreement and the other U.S. Loan Documents, the executed Intercreditor Agreement and the executed Indemnity Agreements.

(xiii) Such other instruments and documents as any of the Arrangers or the Agents or their counsel may have reasonably requested.

The effectiveness of this Agreement and the obligation of each Australian Lender to make Loans hereunder, are further conditioned upon the Agents having received the fees to be received as set forth in Section 2.4(b) on or prior to the Global Effective Date.

7.2. Each Advance. The Australian Lenders shall not be required to make any Advance unless on the applicable Borrowing Date:

(a) There exists no Default or Unmatured Default.

(b) There exists no Debt Limit Excession and the Company represents and warrants to the Australian Administrative Agent and Global Administrative Agent that, immediately before and after such Advance, there exists no Debt Limit Excession other than a Debt Limit Excession permitted pursuant to the first proviso to Section 2.1(b).

(c) The representations and warranties contained in Article VIII, including in Sections 8.3 and 8.7, or contained in any other Australian Loan Document are true and correct as of such Borrowing Date except for changes in the Schedules hereto reflecting transactions permitted by this Agreement.

(d) All legal requirements arising under or in connection with the Australian Loan Documents or applicable laws, rules or regulations and incident to the making of such Advance shall be satisfactory to the Agents and the Arrangers and their respective counsel.

(e) No event, occurrence, action, inaction or other item shall have occurred which results in a Material Adverse Effect.

Each Borrowing Notice and Continuation Notice with respect to each Advance shall constitute a representation and warranty by the Company that the conditions contained in Sections 7.2(a), (b), (c) and (d) have been satisfied and, that after giving effect to such Advance and the transfer or application of the proceeds thereof, the sum of the aggregate outstanding principal amount of all Borrowing Base Debt will not exceed the Global Borrowing Base except as permitted in Section 2.1(b).

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Australian Lenders and the Agents that:

8.1. Corporate Existence and Standing. Each of Apache Energy Limited and Apache Oil Australia is a corporation, and each of their Subsidiaries is a corporation or other legal entity, in either case duly incorporated or otherwise properly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority, permits and approvals, and is in good standing to conduct its business in each jurisdiction in which its business is conducted.

8.2. Authorization and Validity. Each of Apache Energy Limited and Apache Oil Australia and each of their Subsidiaries has the corporate or partnership power and authority and legal right to execute and deliver the Australian Loan Documents and to perform its respective obligations thereunder. The execution and delivery by each of Apache Energy Limited and Apache Oil Australia and each of their Subsidiaries of the Australian Loan Documents to which it is a party and the performance of Apache Energy Limited's, Apache Oil Australia's and such Subsidiary's obligations thereunder have been duly authorized by proper corporate or partnership proceedings, and the Australian Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of each of Apache Energy Limited and Apache Oil Australia and each of their Subsidiaries party thereto, in each case enforceable against each of Apache Energy Limited and Apache Oil Australia and such Subsidiaries in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

8.3. No Conflict; Government Consent. Neither the execution and delivery by the Company and each Subsidiary of the Australian Loan Documents nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on each of Apache Energy Limited and Apache Oil Australia or any of their Subsidiaries or Apache Energy Limited's, Apache Oil Australia's or any Subsidiary's certificate of incorporation or memorandum and articles of incorporation or partnership agreement or the provisions of any indenture, instrument or agreement to which Apache Energy Limited and Apache Oil Australia or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on all or any part of the property of Apache Energy Limited and Apache Oil Australia or any Subsidiary. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Australian Loan Documents.

8.4. Financial Statements. The consolidated (i) financial statements of the Parent dated December 31, 1995 and (ii) report and accompanying financial statements of the Company and its Subsidiaries dated December 31, 1995, heretofore delivered to the Australian Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition of the Parent,

the Company and their respective Subsidiaries at such date and the consolidated results of their operations for the period then ended.

8.5. Material Adverse Change. Since December 31, 1995, there has been no change in the business, assets, properties, operations, condition (financial or otherwise) or results of operations or prospects of the Company and its Subsidiaries or any legal or regulatory development which results in a Material Adverse Effect.

8.6. Taxes. The Company and the Subsidiaries have filed all federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The income tax returns of the Company and the Subsidiaries have been audited by either the Australian Commissioner of Taxation or the Internal Revenue Service or, if no audit was performed, the statute of limitations permitting such an audit has run, through the fiscal year ended December 31, 1991. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any taxes or other governmental charges are adequate.

8.7. Litigation and Guaranteed Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting the Company or any Subsidiary which results in a Material Adverse Effect. The Company and its Subsidiaries have no material contingent obligations not provided for or disclosed in the financial statements referred to in Section 8.4.

8.8. Subsidiaries. Schedule 8.8 hereto contains an accurate list of all of the presently existing Subsidiaries, including, without limitation, Borrowing Base Subsidiaries, of the Company as of the date of this Agreement, setting forth their respective jurisdictions of incorporation or organization and the percentage of their respective capital stock, or the revenue share attributable to the general and limited partnership interests, as the case may be, owned by the Company or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Subsidiaries which are corporations have been duly authorized and issued and are fully paid and non-assessable.

8.9. Superannuation Scheme. The Company administers a defined benefit superannuation fund (as described in the Superannuation Industry (Supervision) Act 1993 (the "SIS Act") and the Company and its Subsidiaries liabilities under such fund do not in the aggregate exceed \$5,000,000.

8.10. Accuracy of Information. No information, exhibit or report furnished by the Parent, the Company or any Subsidiary to any Agent or to any Australian Lender in connection with the negotiation of, or compliance with, the Australian Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

8.11. [Intentionally Omitted].

8.12. Material Agreements. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default would result in a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness which default would result in a Material Adverse Effect.

8.13. Compliance With Laws. The Company and the Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses or the ownership of their respective Properties. Neither the Company nor any of the Subsidiaries has received any notice to the effect that it, its operations or the Properties are not in material compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations, or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance

into the environment, whether from the Properties or elsewhere, which in any case would result in a Material Adverse Effect.

8.14. Title to Properties. Each of the Company and the Subsidiaries has defensible title to substantially all of its properties and assets, whether legal or beneficial, free and clear of any and all Liens other than those Liens permitted by Section 11.5. The 1996 Engineers' Report refers to and covers all of the reserves in the Properties as of the Global Effective Date and such Report covers no reserves other than in such Properties.

8.15. Investment Company Act. 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.

8.16. Public Utility Holding Company Act. Neither the Company nor any Subsidiary is 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.

8.17. Post-Retirement Benefits. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Company and its Subsidiaries to its employees and former employees, as estimated by the Company in accordance with procedures and assumptions deemed reasonable by the Agents, does not exceed \$3,000,000.

8.18. Solvency. As of the Global Effective Date and upon each renewal of this representation at any time thereafter, (i) the Company is Solvent, (ii) the Company and its Consolidated Subsidiaries of the Company on a consolidated basis are Solvent, and (iii) each Guarantor and its Consolidated Subsidiaries on a consolidated basis are Solvent, provided, however, that this clause (iii) shall not apply to any Guarantor which is a Subsidiary if the Company notifies the Global Administrative Agent and the Australian Administrative Agent in writing that it cannot in good faith certify to the Global Administrative Agent, the Australian Administrative Agent and the Australian Lenders that such Guarantor is Solvent.

8.19. Environmental Warranties. In the ordinary course of its business, the Company conducts an ongoing review of the effect of Environmental Laws on the business, operations and Properties of the Company and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up or closure of Properties presently owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of this review, the Company has reasonably concluded that, except as disclosed in writing by the Company to the Australian 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 Company or any Subsidiary have been, and continue to be, owned, leased or operated by the Company or any Subsidiary in material compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or inquiries to, or requests for information received by, the Company or any Subsidiary with respect to any alleged violation of any Environmental Law that, singly or in the aggregate, result in a Material Adverse Effect, or

(ii) claims, complaints, notices or inquiries to, or requests for information received by, the Company 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 Company or any Subsidiary that, singly or in the aggregate, result in 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(d) the Company 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 or desirable for their businesses except where failure to comply would not have a Material Adverse Effect;

(e) no property now or previously owned, leased or operated by the Company or any Subsidiary is listed or proposed for listing on any 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 Company or any Subsidiary that, singly or in the aggregate, result in a Material Adverse Effect;

(g) none of the Company 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 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 Company or such Subsidiary for any remedial work, damage to natural resources or personal injury which, singly or in the aggregate, results in a Material Adverse Effect;

(h) there are no polychlorinated biphenyls, radioactive materials or friable asbestos present at any property now or previously owned or leased by the Company or any Subsidiary that, singly or in the aggregate, results in a Material Adverse Effect; and

(i) no condition exists at, on or under any property now or previously owned or leased by the Company 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 results in a Material Adverse Effect.

ARTICLE IX

AFFIRMATIVE COVENANTS

During the term of this Agreement but subject to Section 9.14, unless the Required Lenders shall otherwise consent in writing:

9.1. Financial Reporting. The Company will maintain a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish, or assist the Parent in furnishing, to the Global Administrative Agent, the Australian Administrative Agent and the Australian Lenders:

(a) As soon as available and in any event within 90 days after the close of each of its fiscal years, a copy of the report for such year and accompanying financial statements, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows for the Company and its Consolidated Subsidiaries, all prepared in accordance with generally accepted

accounting principles and signed by an Authorized Officer of the Company, such signature deemed to be a certification that (i) such financial statements present fairly in accordance with generally accepted accounting principles the financial position of the Company and its Consolidated Subsidiaries and (ii) no Default, Unmatured Default or Debt Limit Excession has occurred and is continuing.

(b) As soon as available and in any event within 45 days after the close of the first three quarterly periods of each of its fiscal years, for the Company and its Consolidated Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated profit and loss and reconciliation of surplus statements and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all prepared in accordance with generally accepted accounting principles and signed by an Authorized Officer of the Company, such signature deemed to be a certification that (i) such financial statements present fairly in accordance with generally accepted accounting principles, the financial position of the Company and its Consolidated Subsidiaries and (ii) that no Default, Unmatured Default or Debt Limited Excession has occurred and is continuing.

(c) Together with the financial statements required under clauses (a) and (b), a compliance certificate, in substantially the form of Exhibit C hereto, signed by an Authorized Officer of the Parent and an Authorized Officer of Apache Energy Limited and Apache Oil Australia and addressing the matters set forth therein.

(d) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event not later than March 15 of the next succeeding calendar year, an Approved Engineers' Report prepared as of December 31 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(e) Promptly after June 30 of each calendar year and in any event not later than September 15 of such calendar year, a Parent's Engineers' Report prepared as of June 30 of such calendar year, in form and substance satisfactory to the Engineering Banks.

(f) Within 45 days in the case of a Parent's Engineers' Report and 60 days in the case of an Approved Engineers' Report, of any request by the Required Lenders in connection with any (other than the scheduled semi-annual redeterminations of the Global Borrowing Base) determination of the Global Borrowing Base pursuant to Section 2.3(a) of the U.S. Credit Agreement, an Approved Engineers' Report or a Parent's Engineers' Report, as the case may be, prepared as of the date of such request, in form and substance satisfactory to the Required Lenders.

(g) Promptly upon the furnishing thereof to the shareholders of the Parent or the Company copies of all financial statements, reports and proxy statements so furnished.

(h) Promptly upon the filing thereof, copies of all publicly available registration statements and annual, quarterly, monthly or other regular reports which the Parent or the Company or any of their Subsidiaries file with the Securities and Exchange Commission or any federal securities regulatory body in Australia.

(i) Promptly after December 31 of each calendar year, commencing December 31, 1996, and in any event no later than March 15 of the next succeeding calendar year, a budget (including specific capital expenditures information) through the Termination Date for the Parent and its Subsidiaries certified by an Authorized Officer of the Parent and in a format consistent with the Projections and otherwise in form and substance satisfactory to the Global Administrative Agent, the Australian Administrative Agent and the Arrangers.

(j) At the request of the Global Administrative Agent, the Australian Administrative Agent, either Arranger, or the Required Lenders promptly after June 30 of each calendar year, commencing June 30, 1997, and in any event no later than September 15 of such calendar year, an update of the budget described in

clause (i) of this Section 9.1 in form and substance satisfactory to the Global Administrative Agent and signed by an Authorized Officer of the Parent.

(k) Promptly and in any event within 40 days after the close of each calendar quarter during each year, a certificate of an Authorized Officer of the Parent certifying to the Global Administrative Agent, the Australian Administrative Agent and the Australian Lenders the Debt/Capitalization Ratio and the calculation thereof as of the last day of the immediately preceding calendar quarter.

(l) After receipt by the Global Administrative Agent and the Australian Administrative Agent of a notice from the Company specified in Section 8.18(iii), promptly and in any event within 30 days after the close of each calendar quarter, a certificate of an Authorized Officer of Apache Energy Limited and Apache Oil Australia certifying to the Global Administrative Agent, the Australian Administrative Agent and the Australian Lenders whether the Company can certify in good faith that any Subsidiary specified in any such notice is Solvent as of the date of such certificate.

(m) Such other information (including engineering, financial and non-financial information) as the Global Administrative Agent, the Australian Administrative Agent, either Arranger or any Australian Lender may from time to time reasonably request.

9.2. Use of Proceeds. The Company will, and will cause each Subsidiary to, use the proceeds of the Loans (i) to refinance existing Indebtedness of the Company and the Subsidiaries (other than Indebtedness incurred to finance, directly or indirectly, the purchase of shares of capital stock of either Company or a Guarantor) or (ii) for the Company's and the Subsidiaries' general corporate purposes.

9.3. Notice of Default, Unmatured Default, Litigation and Material Adverse Effect. The Company will give prompt notice in writing to the Global Administrative Agent, the Australian Administrative Agent, the Australian Lenders and to all Guarantors of (i) the occurrence of any Default or Unmatured Default and the steps, if any, being taken to cure it, (ii) the occurrence of any Debt Limit Excession and the steps, if any, being taken to cure it, (iii) the occurrence of any adverse development with respect to any labor controversy, litigation, action or proceeding described in Section 8.7, or the commencement of any labor, controversy, litigation, action or proceeding of the type described in Section 8.7 together with copies of all material pleadings relating thereto, and (iv) the occurrence of any other development, financial or otherwise, which results in a Material Adverse Effect or might materially adversely affect the ability of the Company to repay the Obligations.

9.4. Conduct of Business. The Company will, and will cause its Subsidiaries to, carry on and conduct its respective business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and, except to the extent permitted by Section 11.2 or Section 11.3, will, and will cause each Subsidiary to, do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a corporation or partnership, as the case may be, in its jurisdiction of incorporation or organization and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

9.5. Taxes. The Company will, and will cause each Subsidiary to, pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or property, and all lawful claims which, if unpaid, might become a Lien upon any properties of the Company or any Subsidiary, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves in accordance with generally accepted accounting principles have been set aside on its books.

9.6. Insurance. The Company and its Subsidiaries will maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and business against such liabilities, casualties, risks and contingencies and in such types and amounts as customary in the case of corporations engaged in the same or similar businesses and similarly situated. Upon the request of the Global Administrative Agent or the Australian Administrative Agent, the Company will furnish or cause to be furnished to the Global Administrative Agent and the Australian

Administrative Agent from time to time a summary of the insurance coverage of the Company and its Subsidiaries in form and substance satisfactory to the Required Lenders in their reasonable judgment, and, if requested, will furnish the Global Administrative Agent and the Australian Administrative Agent copies of the applicable policies. In the case of any fire, accident or other casualty causing loss or damage to any property of the Company or any of its Subsidiaries, the proceeds of such policies will be used (i) to repair or replace the damaged property or (ii) to prepay the Obligations, at the election of the Company.

9.7. Compliance with Laws. The Company will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

9.8. Maintenance of Properties. The Company will and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its properties in good repair, working order and condition, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times.

9.9. Inspection. The Company will, and will cause each Subsidiary to, permit the Australian Lenders, by their respective representatives and agents, to inspect any of the properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Australian Lenders may designate. Any information received by the Australian Lenders as a result of the foregoing shall be included in information subject to the confidentiality provisions set forth in Exhibit G hereto.

9.10. Operation of Properties. The Company will, and will cause each Subsidiary to, preserve, operate and maintain, or cause to be preserved, operated and maintained, the Properties in a good and workmanlike manner continuously to their economic limit as a prudent operator in accordance with good oil and gas industry standards.

9.11. Delivery of Guaranties. At the request of the Global Administrative Agent or the Australian Administrative Agent, the Company shall at its own expense from time to time cause (i) each of the Company's Borrowing Base Subsidiaries and (ii) after the occurrence of any Material Adverse Effect or Downgrade Condition, each of the Company's Subsidiaries to deliver to the Australian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Australian Administrative Agent may request; provided, however, that no such Non-Borrowing Base Subsidiary shall be required to deliver such a Guaranty if such Non-Borrowing Base Subsidiary is prohibited from delivering such Guaranty pursuant to a contractual obligation, acceptable to the Australian Administrative Agent, in its reasonable discretion, arising with a Person other than a Subsidiary or an Affiliate of the Company existing as of the date of such request by the Australian Administrative Agent.

9.12. Environmental Covenant. The Company will, and will cause each Subsidiary to,

(a) use, operate and maintain all of its facilities and properties in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws;

(b) (i) promptly notify the Global Administrative Agent and the Australian Administrative Agent and provide copies upon receipt of all material written claims, complaints, notices, liens or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, (ii) within ninety (90) days have dismissed with prejudice any actions or proceedings relating to compliance with Environmental Laws which could reasonably be expected to result in liability to the Company and its Subsidiaries in excess of ten percent (10%) of the Company's Consolidated Tangible Net Worth and (iii) diligently pursue cure of any material underlying environmental problem which forms the basis of any such claim, complaint, notice, lien, inquiry, proceeding or action; and

(c) provide such information and certifications which either of the Arrangers or the Australian Administrative Agent may reasonably request from time to time to evidence compliance with this Section 9.12.

9.13. Further Assurances. The Company will cure and will cause its respective Subsidiaries to cure promptly any defects in the creation and issuance of any Obligations and the execution and delivery of any Guaranty. The Company and each Subsidiary will at its expense promptly execute and deliver to the Global Administrative Agent and the Australian Administrative Agent upon request all such other and further reasonable documents, agreements and instruments in compliance with, or accomplishment of, the covenants and agreements of the Company and such Subsidiary in any Australian Loan Document.

9.14. Borrowing Notice. It is a condition precedent to the operation of this Article IX that the Company has given a Borrowing Notice hereunder.

9.15. Existing Acceptance Agreement. The Company will (a) use the proceeds of the initial Advance under this Credit Agreement to repay in full all Obligations of the Company and its Subsidiaries under that certain Amended and Restated Acceptance Agreement, dated as of May 26, 1994 (as amended, the "Existing Acceptance Agreement"), among Apache Energy Limited, the various financial institutions as are or may become parties thereto, and Bank of Montreal, as Agent, and (b) simultaneously with the initial Advance, (i) cancel all commitments under the Existing Acceptance Agreement and (ii) obtain the release of (1) the charge registered against Apache Energy Limited (ASC registered charge number 294979) in favor of the Bank of Montreal, (2) the charge registered against Apache Northwest Pty. Ltd. (ASC registered charge number 294982) in favor of the Bank of Montreal, and (3) any other Lien held by Bank of Montreal in respect of the Company or any Guarantor. On the date of the initial Advance, the Company will provide to the Agents evidence that the preceding requirements have been satisfied.

ARTICLE X

FINANCIAL COVENANTS

The Company covenants with the Agents and the Australian Lenders that:

10.1. Consolidated Tangible Net Worth. The Parent will maintain Consolidated Tangible Net Worth of not less than the sum of (i) \$825,000,000, plus (ii) the product of 0.50 times the sum of Consolidated Net Income for each calendar quarter beginning with the calendar quarter ending June 30, 1996 during which Consolidated Net Income is greater than \$0, plus (iii) the product of 0.50 times the proceeds of the sale by the Parent and its Subsidiaries of securities (other than securities constituting Indebtedness) net of reasonable incidental, brokerage and legal costs actually paid to third parties (which proceeds, in the event of a pooling of interest transaction, shall be deemed to be one-half of the net addition to the Parent's consolidated balance sheet).

10.2. Ratio of EBITDDA to Consolidated Interest. The Parent shall not permit the ratio of (i) EBITDDA to (ii) Consolidated Interest Expense for any four consecutive calendar quarters ending on the last day of any calendar quarter to be less than 3.70 to 1.0.

ARTICLE XI

NEGATIVE COVENANTS

11.1. Indebtedness. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

- (a) Borrowing Base Debt;

(b) Excluded Principal Debt;

(c) The Guaranteed Obligations permitted under Section 11.4 (whether or not then payable), and intercompany Indebtedness pursuant to Investments by the Company permitted by Sections 11.10(d), (e), (f) and (g);

(d) Indebtedness existing on the date hereof and described in Schedule 11.1 hereto;

(e) Indebtedness of the type referred to in clause (vi) of the definition of Indebtedness;

(f) Indebtedness of the type referred to in clause (vii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$10,000,000; provided such Indebtedness is otherwise permitted pursuant to Section 11.11;

(g) Indebtedness of the type referred to in clause (viii) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$10,000,000;

(h) [Intentionally Omitted];

(i) Indebtedness of the type referred to in clause (v) of the definition of Indebtedness in a maximum aggregate amount not in excess of \$5,000,000; and

(j) Additional Indebtedness of the Company not included in the foregoing clauses (a) through (i) in an aggregate principal amount not exceeding \$1,000,000.

11.2. Merger. The Company will not, nor will it permit any Borrowing Base Subsidiary to, amalgamate, merge or consolidate with or into any other Person or Persons unless:

(i) the Company or such Borrowing Base Subsidiary, as the case may be, is the surviving entity of such amalgamation, merger or consolidation (and if an amalgamation, merger or consolidation between the Company and any Borrowing Base Subsidiary, the Company is the surviving entity) and no Change of Control occurs, or, with respect to any amalgamation, merger or consolidation in which any Person other than the Company or any Borrowing Base Subsidiary is the surviving entity, such Person becomes, as a result of such amalgamation, merger or consolidation, a Borrowing Base Subsidiary of which the Company owns, directly or indirectly, 100% of the outstanding capital stock, free and clear of all Liens, other than Liens permitted by Section 11.5 and, with respect to any amalgamation, merger or consolidation involving any Guarantor, such Person shall at its own expense deliver to the Australian Administrative Agent a duly executed Guaranty, substantially in the form of Exhibit H, together with such related documents and opinions as the Australian Administrative Agent may request; and

(ii) after giving effect to such amalgamation, merger or consolidation, no Default or Unmatured Default shall occur and be continuing.

11.3. Sales of Properties or Borrowing Base Subsidiaries. The Company will not, nor will it permit any of its Borrowing Base Subsidiaries to, lease, sell, transfer, convey, assign, issue or otherwise dispose of any of its Properties or any Borrowing Base Subsidiary to any other Person, whether in one transaction or in a series of transactions, except if the transaction or transactions fall into one of the following categories:

(i) Sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business.

(ii) Sales of Properties (other than Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of any Borrowing Base Subsidiary which have an aggregate fair market

value (or, with respect to the Sale of a Borrowing Base Subsidiary, the amount allocated to such Sale pursuant to Section 2.3(f) of the U.S. Credit Agreement) not in excess of \$5,000,000 for all such Sales permitted pursuant to this clause (ii) during any period occurring between successive dates of determination of the Global Borrowing Base pursuant to Section 2.3 of the U.S. Credit Agreement.

(iii) Sales of Properties (other than sales of Hydrocarbon inventory and severed oil and gas in the ordinary course of business) and Sales of Borrowing Base Subsidiaries which are not described in the foregoing clause (ii) if the Required Lenders under the U.S. Credit Agreement and the Required Lenders under this Agreement give prior written consent to such Sale in the exercise of their sole discretion; provided, however, that concurrently with any such Sale (A) the Global Borrowing Base shall be reduced pursuant to Section 2.3(f) of the U.S. Credit Agreement, and (B) the Company shall make a mandatory prepayment pursuant to Section 4.1(a)(iii) hereof.

(iv) A transfer, conveyance or assignment to the Company or a Subsidiary of Properties as a result of a merger or consolidation permitted pursuant to Section 11.2.

Anything herein contained to the contrary notwithstanding, the Company will not, nor will it permit any Borrowing Base Subsidiary to, consummate any Sale otherwise permitted hereunder if it receives therefor consideration (a) other than cash, other consideration readily convertible to cash or Hydrocarbon Interests or (b) which is less than the fair market value of the relevant property or asset.

11.4. Guaranteed Obligations. The Company will not, nor will it permit any Borrowing Base Subsidiary to, make or suffer to exist any Guaranteed Obligation (including, without limitation, any Guaranteed Obligation with respect to the obligations of a Non-Borrowing Base Subsidiary) in an aggregate amount for all such Persons and Guaranteed Obligations (considering Guaranteed Obligations for all such Persons without duplication) as of any date of determination in excess of \$10,000,000, except by endorsement of instruments for deposit or collection in the ordinary course of business; provided, however, that any obligation which is a Guaranteed Obligation of the Company or one or more of its Borrowing Base Subsidiaries for purposes of this Agreement shall not be Indebtedness of such Person for purposes hereof; and provided, further, that the term "Guaranteed Obligation" shall not include any obligation of any Person which constitutes Indebtedness of the Company or any of its Borrowing Base Subsidiaries.

11.5. Liens. The Company will not, nor will it permit any Borrowing Base Subsidiary to, create, incur, or suffer to exist any Lien in, of or on (i) any of the Company's and the Borrowing Base Subsidiaries' consolidated assets, revenues and properties securing an amount greater than \$5,000,000 in the aggregate for all such Liens or (ii) any of the Properties, except in either case:

(a) Liens for taxes, assessments or governmental charges or levies on its property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with generally accepted accounting principles shall have been set aside on its books.

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

(d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and which do not

in any material way affect the marketability of the same or interfere with the use thereof in the business of the Company or the Subsidiaries, as the case may be.

(e) Liens existing on the date hereof described in Schedule 11.1 and securing the Indebtedness described in Schedule 11.1 hereto or otherwise permitted in connection with Indebtedness of the type described in Section 11.1(d) consented to by the Required Lenders in the exercise of their sole discretion.

(f) Liens arising under operating agreements in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings.

(g) Liens reserved in oil, gas and/or mineral leases for bonus or rental payments and for compliance with the terms of such leases.

(h) Liens pursuant to partnership agreements, oil, gas and/or mineral leases, farm-out agreements, division orders, contracts for the sale, delivery, purchase, exchange, or processing of oil, gas and/or other hydrocarbons, unitization and pooling declarations and agreements, operating agreements, development agreements, area of mutual interest agreements, forward sales of Hydrocarbons, and other agreements which are customary in the oil, gas and other mineral exploration, development and production business and in the business of processing of gas and gas condensate production for the extraction of products therefrom.

(i) Liens securing the Indebtedness permitted in connection with Section 11.1(i).

(j) Liens associated with the pledging of securities of Subsidiaries which are not Borrowing Base Subsidiaries.

11.6. Restricted Payments, etc. On and at all times after the Global Effective Date, the Company will not and will not permit any of its Borrowing Base Subsidiaries to make any optional payment or prepayment on, or redemption of, or redeem, purchase or defease prior to its stated maturity, any Indebtedness other than Indebtedness incurred under this Agreement or the other Australian Loan Documents during the occurrence and continuation of any Debt Limit Excession or if giving effect to such action would result in a Default or Unmatured Default; and the Company will not, and will not permit any Borrowing Base Subsidiary to, make any deposit for any of the foregoing purposes.

11.7. Transactions with Affiliates. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of its other Affiliates unless such arrangement is either (i) fair and equitable to the Company or such Borrowing Base Subsidiary, as the case may be, or (ii) is not of a sort which would not be entered into by a prudent Person in the position of the Company or such Borrowing Base Subsidiary with, or which is on terms which are less favorable than are obtainable from, any Person which is not one of its Affiliates.

11.8. Negative Pledges, etc. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, enter into, on or at any time after the Global Effective Date, any agreement (excluding this Agreement and any other Global Loan Document) directly or indirectly prohibiting the creation, assumption or perfection of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, restricting any loans, advances or other Investments to or in the Company or any of its Borrowing Base Subsidiaries, restricting the capitalization of the Company or any Borrowing Base Subsidiary, restricting the ability of any Borrowing Base Subsidiary to make dividend payments or other distributions or payments (by way of dividends, advances, repayments of loans or advances, reimbursements or otherwise) or restricting the ability of the Company or any Borrowing Base Subsidiary to amend or otherwise modify this Agreement or any other Australian Loan Document.

11.9. Regulation U Acquisitions. The Company will not, nor will it permit any Borrowing Base Subsidiary to, use any of the proceeds of the Loans to purchase or carry any "margin stock" (as defined in Regulation U) or to make any Acquisition, except any of the following:

(i) Acquisitions not involving "margin stock," where such Acquisition shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or

(ii) Acquisitions involving "margin stock" where such Acquisitions shall have been approved or consented to by the board of directors or similar governing entity of the Person being acquired; or

(iii) Acquisitions of not more than 15% of the outstanding equity securities of any issuer, whether or not such securities are "margin stock";

provided, however, that the amount paid by the Company to consummate all Acquisitions of the type described in clause (iii) shall not exceed \$3,000,000 in the aggregate. For purposes of this Section 11.9, the merger of the Company or any Borrowing Base Subsidiary as permitted under Section 11.2 shall be deemed to be an Acquisition not involving "margin stock."

11.10. Investments. The Company will not, and will not permit any of its Borrowing Base Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the Global Effective Date and identified in Schedule 11.10;

(b) Cash Equivalent Investments;

(c) without duplication, Investments permitted as Indebtedness pursuant to Section 11.1 and Investments permitted as Guaranteed Obligations pursuant to Section 11.4;

(d) in the ordinary course of business, Investments by the Company or any Borrowing Base Subsidiary in any Guarantor or any Subsidiary;

(e) Investments in any Person in connection with (i) the acquisition, exploration, drilling or development of Hydrocarbon Interests, or (ii) costs incurred in connection with gathering, processing, transporting and marketing production from Hydrocarbon Interests;

(f) Investments resulting from a merger or consolidation permitted pursuant to Section 11.2;

(g) Other Investments in an aggregate amount not to exceed \$3,000,000 during any calendar year;

provided, however, that

(1) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and

(2) no Investment otherwise permitted by clause (d), (e), (f) or (g) shall be permitted to be made if, immediately before or after giving effect thereto, any Default would have occurred and be continuing.

11.11. Hedging Contracts. The Company will not and will not permit any of its Borrowing Base Subsidiaries to enter into or become obligated under any contract for sale for future delivery of oil or gas from the Properties, whether or not the subject oil or gas is to be delivered, hedging contract, forward contract, commodity swap agreement, futures contract or other similar agreement except for such contracts which in the aggregate do not cover at any time a volume of oil or gas, as the case may be, equal to more than 75% of the projected production of oil or gas, as the case may be, from the Properties for the term covered by such contracts.

11.12. Approval of Consents. In any instance in this Article XI where it is provided that an action may be taken by the Company or a Borrowing Base Subsidiary only with the approval or consent of the Required Lenders, the failure by an Australian Lender to respond to a request for such approval or consent within 10 Business Days of receipt of a request for such approval or consent (or such other length of time as specified by the Global Administrative Agent or the Australian Administrative Agent in such request) shall be deemed an approval of, or consent to, such request.

ARTICLE XII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a "Default":

12.1. Breach of Warranties and Misleading Statements. Any representation or warranty made or deemed made pursuant to Article VIII, by or on behalf of the Company or any Subsidiary to the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent, the Co-Agent, the Arrangers or the Engineering Banks under or in connection with this Agreement, any Loan, any Australian Loan Document, or any certificate, or, information delivered in connection with this Agreement, any other Australian Loan Document is breached or shall be false, incomplete or incorrect on the date as of which made or deemed made in any material respect.

12.2. Nonpayment of Loans, Fees and other Obligations. Nonpayment of principal of any Loan when due; or nonpayment of interest upon any Loan or of any facility fee or other Obligation under any of the Australian Loan Documents within three (3) days after the same becomes due.

12.3. Breach of Certain Covenants. Except as set forth in the subsequent sentence, the breach by the Company of any of the terms or provisions of Section 9.2, 9.3, 9.13, 9.15 or Article X or Article XI. The breach by the Company of any of the terms or provisions of (i) Section 11.1 pertaining to Indebtedness of the type referred to in clause (vii) of the definition of Indebtedness or (ii) Section 11.10(b), which is not remedied within 3 days of such occurrence.

12.4. Default Under Canadian Loan Documents or U.S. Loan Documents. A "Default" as defined in the Canadian Loan Documents or U.S. Loan Documents occurs; provided that the occurrence of an "Unmatured Default" as defined in the Canadian Loan Documents or U.S. Loan Documents shall constitute an Unmatured Default under the Australian Loan Documents.

12.5. Non-Compliance with this Agreement. The breach by the Company (other than a breach which constitutes a Default under any other Section of this Article XII) of any of the terms, provisions or covenants of this Agreement which is not remedied within 30 days after written notice from the Global Administrative Agent, the Australian Administrative Agent or any Australian Lender.

12.6. Cross-Defaults. Failure of the Company or any Borrowing Base Subsidiary to pay any Indebtedness in excess of \$25,000,000 in aggregate principal amount when due; or the default by the Company or any Borrowing Base Subsidiary in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of the Company or any Borrowing Base Subsidiary shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Company or any Borrowing Base Subsidiary shall not pay, or shall admit in writing its inability to pay, such Indebtedness generally as it becomes due.

12.7. Voluntary Dissolution and Insolvency Proceedings and Actions. The Company or any Subsidiary shall (a) have an order made for its winding up, dissolution or administration, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of an administrator, receiver, custodian, trustee,

examiner, liquidator or similar official for it or any substantial part of its property, (d) institute any proceeding seeking an order for relief under federal or state bankruptcy or insolvency laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, administration, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 12.7 or (f) fail to contest in good faith any appointment or proceeding described in Section 12.8; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it shall result in a Material Adverse Effect.

12.8. Involuntary Insolvency Proceedings or Dissolution. Without the application, approval or consent of the Company or any Subsidiary, an administrator, a receiver, trustee, examiner, liquidator or similar official shall be appointed for such Person or any substantial part of its property, or a proceeding described in Section 12.7(d) shall be instituted against the Company or any Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days or an investigation into all or part of the affairs of the Company commences under companies legislation; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect.

12.9. Condemnation. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of all or any portion of the Properties with a fair market value in excess of \$5,000,000 in the aggregate for all such Properties.

12.10. Judgments. The Company or any Subsidiary shall fail within 45 days to pay, bond or otherwise discharge any uninsured portion of any judgment or order for the payment of money in excess of \$5,000,000 in the aggregate for all such judgments and orders, which is not stayed on appeal or is not otherwise being appropriately contested in good faith; provided, however, that if any of the foregoing shall occur with respect to any Non-Borrowing Base Subsidiary, it shall not constitute a Default hereunder unless it results in a Material Adverse Effect.

12.11. Enforcement Against Assets. Liens are enforced over or distresses, attachments or other executions are levied or enforced over all or any of the assets and undertaking of the Company in excess of \$5,000,000 in the aggregate.

12.12. Other Defaults Under Australian Loan Documents. The occurrence of any default by any party to the Australian Loan Documents (other than any Agent or Lender) under any Australian Loan Document (other than this Agreement or the Notes) or the breach of any of the terms or provisions by any party to the Australian Loan Documents (other than any Agent or Lender) of any Australian Loan Document (other than this Agreement or the Notes) which default or breach is not remedied within 30 days of such occurrence.

12.13. Failure of Australian Loan Documents. Any Australian Loan Document shall fail to remain in full force or effect or shall be declared null and void, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Australian Loan Document.

12.14. Change in Control. Any Change in Control shall occur.

ARTICLE XIII

ACCELERATION, WAIVERS, AMENDMENTS, REMEDIES; RELEASES

13.1. Acceleration. If any Default described in Section 12.7 or 12.8 occurs with respect to the Company, (a) the obligations of the Australian Lenders to make Loans hereunder shall automatically terminate, (b) the Commitments

of each of the Australian Lenders shall terminate and the Obligations shall immediately become due and payable without any election or action on the part of any Agent or any Australian Lender and without presentment, demand, protest or notice of any kind, including, without limitation, notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (c) the Agents and the Australian Lenders and each of them shall be able to exercise any rights available to it or them under the Australian Loan Documents or by law. If any other Default occurs, (x) the Required Lenders may terminate or suspend the obligations of the Australian Lenders to make Loans hereunder, or reduce the Commitment of each of the Australian Lenders to zero and declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, including without notice of acceleration or notice of intent to accelerate, all of which the Company and each Guarantor each hereby expressly waives, and (y) the Agents and the Australian Lenders and each of them shall be able to exercise any rights available to it or them under the Australian Loan Documents, any Guaranty or by law. The Australian Administrative Agent hereby agrees, at the written direction of the Required Lenders, subject to the provisions of Article XV, to exercise any of the foregoing rights available to it.

13.2. Amendments. Subject to the provisions of this Article XIII, the Required Lenders (or the Australian Administrative Agent with the consent in writing of the Required Lenders) and the Company may enter into agreements supplemental hereto for the purpose of adding or elucidating any provisions to the Australian Loan Documents or changing in any manner the rights and remedies of the Australian Lenders or the Company hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Australian Lender affected thereby:

(a) Extend the maturity of any Loan, Note or payment under a Guaranty, or reduce the principal amount of any of them, or reduce the rate or extend the time of payment of interest or fees thereon.

(b) Reduce the percentage specified in the definition of Required Lenders.

(c) Extend the Termination Date or reduce the amount or extend the payment date for, the mandatory payments required under Section 4.1 or increase the amount of the Commitment of any Australian Lender hereunder or permit the Company to assign its rights or obligations under this Agreement or under any other Australian Loan Document.

(d) Amend this Section 13.2.

No amendment of any provision of this Agreement relating to any Agent shall be effective without the written consent of such Agent. The Australian Administrative Agent may waive payment of the fee required under Section 17.3(b) without obtaining the consent of any of the Australian Lenders.

13.3. Preservation of Rights. All remedies contained in the Australian Loan Documents or afforded by law shall be cumulative and all shall be available to the Agents and the Australian Lenders until the Obligations have been paid in full. No delay or omission of the Australian Lenders, the Agents or any of them to exercise any right under the Australian Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of the Company to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Australian Loan Documents whatsoever shall be valid unless in writing signed by the Australian Lenders and the Agents required pursuant to Section 13.2, and then only to the extent specifically set forth in such writing.

ARTICLE XIV

GENERAL PROVISIONS

14.1. [Intentionally Omitted].

14.2. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Australian Lender shall be obligated to extend credit to the Company in violation of any limitation or prohibition provided by any applicable statute or regulation.

14.3. Taxes. Subject to specific provisions in this Agreement to the contrary, any taxes (excluding income taxes) or other similar assessments or charges payable or ruled payable by any governmental authority in respect of the Australian Loan Documents shall be paid by the Company, together with interest and penalties, if any.

14.4. Headings. Article and section headings in the Australian Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Australian Loan Documents.

14.5. Entire Agreement. The Australian Loan Documents embody the entire agreement and understanding among the Company, the Agents and the Australian Lenders and supersede all prior agreements and understandings among the Company, the Agents and the Australian Lenders relating to the subject matter thereof.

14.6. Several Obligations. The respective obligations of the Australian Lenders hereunder are several and not joint and no Australian Lender shall be the partner or agent of any other (except to the extent to which an Agent is authorized to act as such). The failure of any Australian Lender to perform any of its obligations hereunder shall not relieve any other Australian Lender from any of its obligations hereunder. This Agreement is not intended to, and shall not be construed so as to, confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

14.7. Reimbursement of Costs and Expenses; Indemnification.

(a) Reimbursement of Costs and Expenses. The Company shall reimburse each Agent for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and attorneys' fees and expenses for such Agent) paid or incurred by such Agent in connection with the preparation, review, execution, delivery, amendment, modification and administration of the Australian Loan Documents including, without limitation, the fees incurred by such Agent in connection with its initial evaluation of the Properties. The Company shall reimburse each Agent and the Australian Lenders for any reasonable costs and out-of-pocket expenses (including attorneys' fees and expenses for the Agent and the Australian Lenders) paid or incurred by any Agent or any Australian Lender in connection with the collection and enforcement of the Australian Loan Documents.

(b) Indemnification. In consideration of the execution and delivery of this Agreement by each Australian Lender and the extension of the Commitments, the Company, jointly and severally, hereby indemnifies, exonerates and holds each Agent and each Australian Lender, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not any Agent or any Australian Lender or any Indemnified Person is a party thereto and all other attorneys' fees and disbursements) ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to,

(i) this Agreement, the other Australian Loan Documents, the transactions contemplated hereby or thereby;

(ii) the direct or indirect application or proposed application of the proceeds of any Loan hereunder;

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

(iv) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Company or any of its Subsidiaries of all or any portion of the stock or assets of any Person, whether or not any Agent or any Australian Lender is party thereto;

(v) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to any Environmental Law or the condition of any facility or property owned, leased or operated by the Company or any Subsidiary;

(vi) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or Releases from, any facility or property owned, leased or operated by the Company 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 Company or such Subsidiary;

(vii) any misrepresentation, inaccuracy or any breach in or of Section 8.19 or Section 9.12; or

(viii) any investigation, litigation or proceeding related to any Investment by the Company or any of its Subsidiaries in any Person, whether or not any Agent or any Australian Lender is party thereto;

(the foregoing collectively the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Company hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The obligations of the Company under this Section 14.7 shall survive the termination of this Agreement or any non-assumption of this Agreement in a bankruptcy or similar proceeding. The Company shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the Company had knowledge of the facts and circumstances giving rise to such Claims.

14.8. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Australian Administrative Agent with sufficient counterparts so that the Australian Administrative Agent may furnish one to each of the Australian Lenders and each of the Agents.

14.9. Severability of Provisions. Any provision in any Australian Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Australian Loan Documents are declared to be severable.

14.10. Nonliability of Australian Lenders. The relationship between the Company on the one hand and the Australian Lenders and the Agents on the other hand shall be solely that of borrower and lender. None of the Agents nor any Australian Lender shall have any fiduciary responsibilities to the Company or any of its Subsidiaries or Affiliates. None of the Agents nor any Australian Lender undertakes any responsibility to the Company or any of its Subsidiaries or Affiliates to review or inform the Company of any matter in connection with any phase of the Company's or such Subsidiary's or Affiliate's business or operations.

14.11. CHOICE OF LAW. THE AUSTRALIAN LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW SOUTH WALES AND OF AUSTRALIA APPLICABLE THEREIN.

14.12. CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER AUSTRALIAN LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY AGENT, THE AUSTRALIAN LENDERS OR THE COMPANY SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW SOUTH WALES; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT ANY AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE COMPANY HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW SOUTH WALES 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 COMPANY FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW SOUTH WALES. THE COMPANY 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 COMPANY 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 COMPANY HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER AUSTRALIAN LOAN DOCUMENTS.

14.13. Confidentiality. Each Australian Lender and each Agent agrees to hold any confidential information which it may receive from the Company pursuant to this Agreement in confidence in accordance with the provisions set forth in Exhibit G hereto. In addition to the disclosures permitted in such provisions, the Australian Lenders and the Agents each shall be permitted to make disclosures of such information in accordance with Section 17.4.

ARTICLE XV

THE AGENTS, THE ARRANGERS AND THE ENGINEERING BANKS

15.1. Appointment of Agents. First Chicago is hereby appointed Global Administrative Agent hereunder and under each other Australian Loan Document, Chase Securities Australia Limited is hereby appointed Australian Administrative Agent hereunder and under each other Australian Loan Document, First Chicago Capital Markets, Inc. is hereby appointed as an Arranger hereunder and under each other Australian Loan Document, Chase Securities Inc. is hereby appointed as an Arranger hereunder and under each other Australian Loan Document, and each of First Chicago and Chase is appointed as an Engineering Bank hereunder and each of the Australian Lenders irrevocably authorizes each such Agent to act in such capacities. Each Agent agrees to act as such upon the express conditions contained in this Article XV. No Agent shall have a fiduciary relationship in respect of any Australian Lender by reason of this Agreement or any of the other Australian Loan Documents.

15.2. Powers. Each Agent shall have and may exercise such powers under this Agreement and the other Australian Loan Documents as are specifically delegated to it by the terms of each thereof, together with such powers as are reasonably incidental thereto. None of the Agents shall have implied duties to the Australian Lenders, or any obligation to the Australian Lenders to take any action thereunder except any action by an Agent specifically provided by the Australian Loan Documents to be taken by such Agent.

15.3. General Immunity. No Agent nor any of its respective directors, officers, agents or employees shall be liable to any Australian Lender or any of the other Agents for any action taken or omitted to be taken by it or them

hereunder or under any other Australian Loan Document or in connection herewith or therewith except for its or their own gross negligence or wilful misconduct as established by final order of a court of competent jurisdiction.

15.4. No Responsibility for Loans, Recitals, etc. No Agent nor any of its respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Australian Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Australian Loan Document; (iii) the satisfaction of any condition specified in Article VII, except receipt by an Agent of items required to be delivered to such Agent unless such condition shall have been waived in accordance with Section 13.2; or (iv) the validity, effectiveness or genuineness of any Australian Loan Document or any other agreement, instrument or writing furnished in connection therewith.

15.5. Action on Instructions of Australian Lenders. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Australian Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Australian Lenders, the other Agents and all holders of Notes.

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

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

15.8. Reimbursement and Indemnification. Each Australian Lender agrees to reimburse and indemnify each of the Australian Administrative Agent, the Global Administrative Agent, each Arranger and each Engineering Bank ratably in proportion to such Australian Lender's Aggregate Commitments, (i) for any amounts (other than principal or interest) not reimbursed by the Company or any Guarantor for which such Agent is entitled to reimbursement by the Company under the Australian Loan Documents, and (ii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of the Australian Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Australian Lender shall be so liable to the extent any of the foregoing is found by a final order of a court of competent jurisdiction to have arisen solely from such Agent's gross negligence or willful misconduct.

15.9. Rights as an Australian Lender. With respect to its Commitments, Loans made by it and the Notes issued to it, each Agent shall have the same rights and powers hereunder and under each other Australian Loan Document as any Australian Lender and may exercise the same as though it did not hold such role, and the term "Australian Lender" or "Australian Lenders" shall, unless the context otherwise indicates, include each of them in its individual capacity. In addition to, and not by way of limitation of the rights set forth in Section 15.2 and this Section 15.9, each Agent may accept deposits from, lend money to, and generally engage in any kind of banking or trust business with the Company or any Subsidiary or any other Affiliate of the Company as if it did not hold such role.

15.10. Australian Lender Credit Decision. Each Australian Lender acknowledges that it has, independently and without reliance upon any Agent or any other Australian Lender and based on the financial statements prepared by the Parent and such other documents and information as it has deemed appropriate, made its own credit analysis and

decision to enter into this Agreement and the other Australian Loan Documents. Each Australian Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Australian Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Australian Loan Documents.

15.11. Certain Successor Agents. Any Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Australian Lenders and the Company. Upon any such resignation, the Company shall, if no Default or Unmatured Default has occurred and is continuing, have the right (subject to the consent of the Required Lenders) to appoint, on behalf of the Company and the Australian Lenders, an Australian Lender as a successor Agent. If no successor Agent shall have been so appointed by the Company and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving notice of resignation or if a Default or Unmatured Default has occurred and is continuing, then the retiring Agent may appoint, on behalf of the Company and the Australian Lenders, an Australian Lender as a successor Agent; provided, however, that the Company may, within the one year period following the appointment of a successor Agent, and upon thirty (30) days' written notice to the Australian Lenders, remove the successor Agent and appoint a successor Agent acceptable to the Company (subject to the consent of the Required Lenders). Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and Obligations (but not any liability arising from its gross negligence or wilful misconduct as established by a final order of a court of competent jurisdiction) hereunder and under the other Australian Loan Documents. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XV shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as an Agent hereunder and under the other Australian Loan Documents.

ARTICLE XVI

SETOFF; RATABLE PAYMENTS

16.1. Setoff. In addition to, and without limitation of, any rights of the Australian Lenders under applicable law, if the Company becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any indebtedness from any Australian Lender to the Company (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Australian Lender, whether or not the Obligations, or any part hereof, shall then be due and payable.

16.2. Ratable Payments. If any Australian Lender, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than it would have received pursuant to an allocation using the method set forth in Section 4.2 or 4.3, such Australian Lender agrees, promptly upon demand, to make such payments as are necessary so that after such payments each Australian Lender will have received its correct payment proportion as calculated pursuant to the allocation method set forth in Section 4.2 or 4.3. If any Australian Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to set off, such Australian Lender agrees, promptly upon demand, to take such action necessary such that all Australian Lenders share in the benefits of such collateral ratably in proportion to the Obligations owing to each of them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XVII

BENEFIT OF AGREEMENT; SUBSTITUTIONS; PARTICIPATIONS

17.1. Successors and Assigns. The terms and provisions of the Australian Loan Documents shall be binding upon and inure to the benefit of the Company, the Agents and the Australian Lenders and their respective

successors and assigns, except that the Company shall not have the right to assign its rights or obligations under the Australian Loan Documents and any substitution by any Australian Lender must be made in compliance with Section 17.3. The Australian Administrative Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with Section 17.3 in the case of a substitution thereof or, in the case of any other transfer, a written notice of the transfer is filed with such Agent. Any transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Australian Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder or transferee of such Note or of any Note or Notes issued in exchange therefor.

17.2. Participations.

(a) Any Australian Lender, in the ordinary course of its business and in accordance with applicable law, at any time may transfer to one or more banks or other entities organized under the laws of and resident in Australia for purposes of the Income Tax Assessment Act 1936 (Cth) ("Participants") participating interests in any Loan owing to such Australian Lender, any Note held by such Australian Lender, any Commitment of such Australian Lender or any other interest of such Australian Lender under the Australian Loan Documents. In the event of any such sale by an Australian Lender of participating interests to a Participant, such Australian Lender's Obligations under the Australian Loan Documents shall remain unchanged, such Australian Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Australian Lender shall remain the holder of any such Note or Obligation for all purposes under the Australian Loan Documents, and the Company and the Agents shall continue to deal solely and directly with such Australian Lender in connection with such Australian Lender's rights and obligations under the Australian Loan Documents. Any stamp duty payable on or in respect of such a sale which does not occur during the continuation of a Default shall be paid by the Participant.

(b) Each Australian Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Australian Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, or reimbursement obligation with respect to, any such Loan or Commitment, releases any guarantor of any such Obligation.

(c) The Company agrees that each Participant shall be deemed to have the right of setoff provided in Section 16.1 in respect of its participating interest in amounts owing under the Australian Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as an Australian Lender under the Australian Loan Documents, provided that each Australian Lender shall retain the right of setoff provided in Section 16.1 with respect to the amount of participating interests sold to each Participant. The Australian Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 16.1, agrees to share with each Australian Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 16.2 as if each Participant were an Australian Lender. The Company also agrees that each Participant shall be entitled to the benefits of Sections 6.1 and 6.3 with respect to its participation in the Commitments or the Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Australian Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Australian Lender to such Participant had no such transfer occurred.

17.3. Substitutions.

(a) Any Australian Lender may, in the ordinary course of its business and in accordance with applicable law, at any time transfer by way of substitution to one or more banks or other entities which are organized under the laws of and are residents in Australia for purposes of the Income Tax Assessment Act 1936 (Cth) ("Substituting Lenders") all or any part of its rights and obligations under the Australian Loan Documents subject to a minimum of \$5,000,000 or such lesser amount as may be agreed to by the Company; provided that with respect to any Substituting Lender which is not an Affiliate of such Australian Lender, such transfer shall require the consent of the Company, which consent of the Company shall not be unreasonably withheld or delayed. Such transfer shall be effected by a substitution certificate ("Substitution Certificate") substantially in the form of Exhibit D hereto. The consent of the Australian Administrative Agent shall also be required prior to a transfer becoming effective with respect to a Substituting Lender which is not organized under the laws of and resident in Australia for purposes of the Income Tax Assessment Act 1936 (Cth). All such consents shall be substantially in the form attached as Exhibits "D-II" or "D-III" to Exhibit D hereto and shall not be unreasonably withheld (provided that the withholding of consent to a transfer with respect to a Substituting Lender which is not organized under the laws of and resident in Australia for purposes of the Income Tax Assessment Act 1936 (Cth) shall not be considered unreasonable).

(b) Upon (i) delivery to the Australian Administrative Agent of a notice of substitution, substantially in the form attached as Exhibit "D-I" to Exhibit D hereto (a "Notice of Substitution"), together with any consents required by Section 17.3.(a), and (ii) payment of a \$3,000 fee to the Australian Administrative Agent for processing such substitution, and (iii) execution of the Substitution Certificate by all parties to it, such substitution shall become effective on the substitution date specified in such Substitution Certificate ("effective date"); provided, however, that any amounts paid by the Company to, or for the benefit of, the retiring Australian Lender, on or before the execution date of the Substitution Certificate, if such date is later than the effective date of the substitution, shall be deemed paid to and for the benefit of the Substituting Lender for all purposes. On and after the effective date of such substitution but subject to the terms of the Substitution Certificate, such Substituting Lender shall for all purposes be an Australian Lender, party to this Agreement and any other Australian Loan Document, including, without limitation, the Intercreditor Agreement, executed by the Australian Lenders, and shall have all the rights and obligations of an Australian Lender under the Australian Loan Documents, including, without limitation, the Intercreditor Agreement, to the same extent as if it were an original party hereto, shall be deemed an Australian Lender for all purposes of the Australian Loan Documents, including, without limitation, the Intercreditor Agreement, and no further consent or action by the Company, the Australian Lenders or any Agent shall be required to release the retiring Australian Lender, with respect to the percentages of the Commitment, and the Loans assigned to such Substituting Lender and the retiring Australian Lender shall henceforth be so released, and each reference herein and in the other Australian Loan Documents, including, without limitation, the Intercreditor Agreement, to the retiring Australian Lender shall thereafter be deemed a reference to the Substituting Lender for all purposes. Upon the consummation of any substitution to a Substituting Lender pursuant to this Section 17.3(b), the Company shall issue replacement Notes to such retiring Australian Lender and shall issue new Notes or, as appropriate, replacement Notes, to such Substituting Lender, in each case in principal amounts reflecting their respective Commitments, as adjusted pursuant to such substitution.

17.4. Dissemination of Information. The Company authorizes each Agent and each Australian Lender to disclose to any Participant or Substituting Lender or any other Person acquiring an interest in the Australian Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Australian Lender's possession concerning the creditworthiness of the Company and the Subsidiaries, provided that such Transferee and prospective Transferee agrees in writing to be bound by Section 14.13 of this Agreement.

ARTICLE XVIII

NOTICES

18.1. Giving Notice. Except as otherwise permitted by Section 3.7 with respect to borrowing notices, all notices and other communications provided to any party hereto under this Agreement or any other Australian Loan Document shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

18.2. Change of Address. The Company, each Agent, and each Australian Lender may change the address for service of notice upon it by a notice in writing to the other parties hereto.

ARTICLE XIX

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company, the Agents and the Australian Lenders and each party has notified the Australian Administrative Agent and the Global Administrative Agent, by telex, facsimile or telephone, that it has taken such action.

ARTICLE XX

NO ORAL AGREEMENTS

THIS WRITTEN AGREEMENT, THE NOTES, AND THE OTHER AUSTRALIAN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

EACH ATTORNEY EXECUTING THIS AGREEMENT STATES THAT HE HAS NO NOTICE OF THE REVOCATION OR SUSPENSION OF HIS POWER OF ATTORNEY.

IN WITNESS WHEREOF, the Company, the Australian Lenders and the Agents have executed this Agreement as of the date first above written.

APACHE ENERGY LIMITED (ACN 009 301 964)

By: /s/ APACHE ENERGY LIMITED

Name: Matthew W. Dundrea
Title: Treasurer

Address: Apache Canada Ltd.
c/o Apache Corporation
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea, Treasurer

Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Zurab S. Kobiashvili
Vice President and General Counsel
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Telephone: (713) 296-6204
Facsimile: (713) 296-6458

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

APACHE OIL AUSTRALIA PTY. LIMITED (ACN 050
611 688)

By: /s/ APACHE OIL AUSTRALIA PTY. LIMITED

Name: Matthew W. Dundrea
Title: Treasurer

Address: Apache Canada Ltd.
c/o Apache Corporation
2000 Post Oak Boulevard
Suite 100
Houston, Texas 77056-4400

Attention: Matthew W. Dundrea, Treasurer

Telephone: (713) 296-6640
Facsimile: (713) 296-6458

with a copy to:

Zurab S. Kobiashvili
Vice President and General Counsel
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Telephone: (713) 296-6204
Facsimile: (713) 296-6458

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

FIRST CHICAGO CAPITAL MARKETS, INC., as
Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:

Title:

Address: One First National Plaza
Chicago, Illinois 60670

Attention: Thomas E. Both

Telephone: (312) 732-7268

Facsimile: (312) 732-2038

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S - 3

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

Address: 707 Travis
5th Floor North
Houston, Texas 77002

Attention: Lori Veters

Telephone: (713) 216-4332
Facsimile: (713) 216-4117

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S - 4

THE FIRST NATIONAL BANK OF CHICAGO, as
Global Administrative Agent and Engineering
Bank

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for The First
National Bank of Chicago

Address: Syndications and
Placements/Agency
Suite 0353, 15th Floor
One First National Plaza
Chicago, IL 60670

Attention: Mr. Thomas E. Both

Telephone: (312) 732-7268
Facsimile: (312) 732-2038

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

CHASE SECURITIES AUSTRALIA LIMITED (ACN 002
888 011), as Australian Administrative
Agent

SIGNED on behalf of)
CHASE SECURITIES AUSTRALIA)
LIMITED)
by its attorney in the)
presence of:)

/s/ CHASE SECURITIES AUSTRALIA LIMITED

Attorney

Lori Vettors

Witness

Print Name

Christopher Click

Print Name

Address: Level 35, AAP Centre
259 George Street
Sydney, NSW 2000

Attention: Mr. Tony Benecke

Telephone: 61 2 9250 4449
Facsimile: 61 2 9251 3371

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

Commitments
- - - - -

J.P. MORGAN AUSTRALIA LIMITED (ACN 004 384
687), as an Australian Lender

\$25,000,000

SIGNED on behalf of)
J.P. MORGAN AUSTRALIA LIMITED)
by its attorney in the)
presence of:)

/s/ J.P. MORGAN AUSTRALIA LIMITED

Attorney

Witness

Print Name

Print Name

Address: Level 25
333 Collins Street
Melbourne Vic. 3000

Attention: Mr. Mitchell Stack

Telephone: 61 3 9623 8395
Facsimile: 61 3 9623 8353

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

\$20,000,000

THE FIRST NATIONAL BANK OF CHICAGO,
AUSTRALIAN BRANCH, (ARBN 065 752 918), as
an Australian Lender

SIGNED on behalf of)
THE FIRST NATIONAL BANK)
OF CHICAGO)
by its attorney in the)
presence of:)

/s/ THE FIRST NATIONAL BANK OF CHICAGO,
AUSTRALIAN BRANCH

Attorney

W. Walter Green, III,

Witness

Print Name

Francis R. Bradley, III

Print Name

Address: Level 4
70 Hindmarsh Square
Adelaide S.A. 5000

Attention: Mr. Clinton Sampson

Telephone: 61 8 8228 2222
Facsimile: 61 8 8223 2948

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

\$30,000,000

THE CHASE MANHATTAN BANK (ARBN 074 112 011), as an Australian Lender

SIGNED on behalf of)
THE CHASE MANHATTAN BANK)
by its attorney in the)
presence of:)

/s/ THE CHASE MANHATTAN BANK

Attorney

Lori Veters

Witness

Print Name

Christopher Click

Print Name

Address: Level 35, AAP Centre
259 George Street
Sydney NSW 2000

Attention: Mr. Michael Klemme

Telephone: 61 2 9250 4023
Facsimile: 61 2 9251 3371

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

65
\$25,000,000

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION (ARBN 064 874 531), SYDNEY
BRANCH, as an Australian Lender

By: /s/ BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION

Name: J. Stephen Mernick
Title: Senior Vice President

Address: 18th Floor
135 King Street
Sydney NSW 2000

Attention: Dorian Meta

Telephone: 61 2 9931 4210
Facsimile: 61 2 9221 1023

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S - 10

66
\$25,000,000

CITIBANK, N.A. (ARBN 072 814 058), as an
Australian Lender

By: /s/ CITIBANK, N.A.

Name:
Title:

Address: Level 26
101 Collins Street
Melbourne Vic. 3000

Attention: Mr. Dougal Thomson

Telephone: 61 3 9653 7333
Facsimile: 61 3 9653 7301

\$125,000,000

AGGREGATE
COMMITMENT

[SIGNATURE PAGE TO AUSTRALIAN CREDIT AGREEMENT]

S - 11

October 31, 1996

To each of the Parties Listed
on attached Schedule I

Re: Apache Corporation Global Credit Facility Indemnity Agreement

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Intercreditor Agreement of even date herewith, in the form attached hereto as Exhibit "A" unless the parties hereto otherwise agree (the "Intercreditor Agreement"), among the various commercial lending institutions (the "U.S. Lenders") as are or may become parties to that certain Fourth Amended and Restated Credit Agreement of even date herewith among the U.S. Borrower (as herein defined), the U.S. Lenders, the Global Administrative Agent (as herein defined), the U.S. Co-Agent (as herein defined) and the Arrangers therein named (the "Arrangers") (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "U.S. Credit Agreement"), the various commercial lending institutions (the "Australian Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Australian Borrower (as herein defined), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Australian Credit Agreement"), the various commercial lending institutions (the "Canadian Lenders", and together with the U.S. Lenders and the Australian Lenders, the "Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Canadian Borrower (as herein defined), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Canadian Credit Agreement"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), The Chase Manhattan Bank, as Co-Agent under the U.S. Credit Agreement (the "U.S. Co-Agent"), Chase Securities Australia Limited (ACN 002 888 011), as the Administrative Agent for the Australian Lenders (the "Australian Administrative Agent"), Bank of Montreal, as the Administrative Agent for the Canadian Lenders (the "Canadian Administrative Agent" and together with the Global Administrative Agent and the Australian Administrative Agent, the "Administrative Agents"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger; (ii) that certain Fourth Amended and Restated Credit Agreement of even date herewith among Apache Corporation (the "U.S. Borrower"), the U.S. Lenders, the Global Administrative Agent, the U.S. Co-Agent and the Arrangers; (iii) that certain Credit Agreement of even date herewith among Apache Energy Limited (ACN 009 301

To each of the Parties Listed
on attached Schedule I
October 31, 1996
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964) and Apache Oil Australia Pty. Limited (ACN 050 611 688) (collectively, the "Australian Borrower"), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent and the Arrangers; (iv) that certain Credit Agreement of even date herewith among Apache Canada Ltd. (the "Canadian Borrower", and together with the U.S. Borrower and the Australian Borrower, the "Borrowers"), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers, as each may be amended, supplemented, restated or otherwise modified and in effect from time to time. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

The U.S. Borrower consents to the terms and provisions of this letter agreement (this "Indemnity Agreement") and the Intercreditor Agreement, including, without limitation, the terms and provisions regarding the disclosure of information, the sharing of payments, and the purchase and sale of participations in the Credit Agreements, consents to all actions required of any Administrative Agent or Lender pursuant to the terms and conditions of the Intercreditor Agreement, and agrees to take all actions necessary to give effect to the terms and provisions of this Indemnity Agreement and the Intercreditor Agreement. The U.S. Borrower agrees that any amounts which are paid (or received by way of setoff, combination of accounts or similar arrangements) to cure any Debt Limit Excession shall be made by the U.S. Borrower to the U.S. Lenders, by the Australian Borrower to the Australian Lenders and by the Canadian Borrower to the Canadian Lenders in accordance with their respective Sharing Percentages as determined by the Administrative Agents in accordance with the terms of the Intercreditor Agreement. It is the intention of the parties hereto that, except as otherwise set forth in this Indemnity Agreement, under no circumstances will any Borrower be required to pay any principal amount under the Global Loan Documents in excess of outstanding Obligations with respect to its Credit Agreement and any guaranty executed by the Borrower plus any interest, fees and other amounts as set forth in this Indemnity Letter and any other Global Loan Document.

If after any amount is paid under Section 3.3(c) of the Intercreditor Agreement a Borrower or any trustee, liquidator, receiver or receiver-manager or Person with analogous powers (collectively the "Reimbursed Borrower") recovers any amount from any Lenders ("Disgorging Lenders") in respect of any amount theretofore used to reduce outstanding Obligations under any Credit Agreement or to purchase or repurchase participation interests from the other Lenders, then the amount so recovered (including any interest paid by the Lenders) shall be treated for all purposes: (i) as between the relevant Reimbursed Borrower and the Disgorging Lenders, and (ii) as between the Disgorging Lenders and the other Lenders (the "Non-Disgorging Lenders"), to be outstanding as U.S. Credit Outstandings, Canadian Credit

To each of the Parties Listed
on attached Schedule I
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Outstandings or Australian Credit Outstandings, as applicable, in which case the Reallocable Payment Proportions shall thereupon be adjusted and, notwithstanding the fact that no reallocable payment is received, Section 3.3(c) of the Intercreditor Agreement again applied in order that the Reallocable Payment Proportions equal the applicable Target Sharing Percentages.

To the extent the application of the provisions of this Indemnity Agreement or the Intercreditor Agreement give rise to any liability for any tax payments (other than income tax and franchise tax payments) in connection with any payments made by the U.S. Borrower, the Australian Borrower, the Canadian Borrower, any Administrative Agent, the Co-Agent, any Arranger, or any Lender or any other party to any Credit Agreement, then (notwithstanding any provisions to the contrary set forth in the Credit Agreements), the U.S. Borrower agrees that the Borrowers, including the U.S. Borrower, jointly and severally, shall indemnify each Lender, Administrative Agent, Co-Agent and Arranger (the "Loan Parties") and shall hold each Loan Party free and harmless from and against any such liability; provided, however, that each Loan Party (if so requested by a Borrower under a Credit Agreement through the appropriate Administrative Agent) will use good faith efforts to accommodate any reasonable request by such Borrower in order to avoid the need for, or reduce the amount of, such compensation so long as the request will not, in the sole opinion of the applicable Loan Party, be disadvantageous to such Loan Party.

The U.S. Borrower agree to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for such Loan Party) paid or incurred by such Loan Party in connection with the preparation, review, execution, delivery, amendment, modification and administration of the Global Loan Documents, including, without limitation, this Indemnity Agreement and the Intercreditor Agreement. The U.S. Borrower agrees to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for the Loan Parties) paid or incurred by any Loan Party in connection with the collection and enforcement of the Global Loan Documents, including this Indemnity Agreement and the Intercreditor Agreement.

The U.S. Borrower hereby indemnifies, exonerates and holds each Loan Party, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not any Loan Party or any Indemnified Person is a party thereto and all

other attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) and disbursements) ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to, this Indemnity Agreement, the Intercreditor Agreement, the other Global Loan Documents or the transactions contemplated hereby or thereby (the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the U.S. 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. The U.S. Borrower shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the U.S. Borrower had knowledge of the facts and circumstances giving rise to such Claims.

Nothing contained in this agreement shall be construed in a manner which would deem any party to this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document (under state law or for tax purposes) to be acting in partnership with any other party. The obligations of the U.S. Borrower under this Indemnity Agreement and the Intercreditor Agreement shall survive the termination of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document or any non-assumption of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document in a bankruptcy or similar proceeding.

This Indemnity Agreement may be executed in any number of counterparts and by different parties on separate counterparts, and all such counterparts shall together constitute but one and the same agreement.

THIS INDEMNITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. This Indemnity Agreement constitutes the entire understanding of the parties hereto with the U.S. Borrower with respect to the Intercreditor Agreement and this Indemnity Agreement and supersedes any prior agreements, written or oral, with respect thereto.

Very truly yours,

Apache Corporation, as U.S. Borrower

By: /s/ Apache Corporation

Name: Matthew W. Dundrea
Title: Treasurer

To each of the Parties Listed
on attached Schedule I
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AGREED AND CONSENTED TO BY:

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent and on behalf of
the U.S. Lenders under the U.S. Credit Agreement

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for
The First National Bank of Chicago

To each of the Parties Listed
on attached Schedule I
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AGREED AND CONSENTED TO BY:

THE CHASE MANHATTAN BANK, as U.S. Co-Agent

By: /s/ THE CHASE MANHATTAN BANK

Name:
Title:

To each of the Parties Listed
on attached Schedule I
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AGREED AND CONSENTED TO BY:

CHASE SECURITIES AUSTRALIA LIMITED (ACN 002 888 011), as
Australian Administrative Agent and on behalf of
the Australian Lenders under the Australian Credit Agreement

SIGNED on behalf of)
CHASE SECURITIES)
AUSTRALIA LIMITED)
by its attorney in the)
presence of:)

/s/ CHASE SECURITIES AUSTRALIA LIMITED

Attorney

Lori Vettors

Print Name

Witness

Christopher Click

Print Name

To each of the Parties Listed
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AGREED AND CONSENTED TO BY:

BANK OF MONTREAL, as Canadian
Administrative Agent and on behalf of
the Canadian Lenders under the Canadian Credit Agreement

By: /s/ BANK OF MONTREAL

Name:
Title:

To each of the Parties Listed
on attached Schedule I
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AGREED AND CONSENTED TO BY:

FIRST CHICAGO CAPITAL MARKETS,
INC., as Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:
Title:

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AGREED AND CONSENTED TO BY:

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

SCHEDULE I

The First National Bank of Chicago,
as Global Administrative Agent

The Chase Manhattan Bank, as U.S. Co-Agent

Chase Securities Australia Limited, as
Australian Administrative Agent

Bank of Montreal, as Canadian
Administrative Agent

First Chicago Capital Markets, Inc., as Arranger

Chase Securities Inc., as Arranger

The U.S. Lenders party to the Fourth Amended
and Restated Credit Agreement

The Australian Lenders party to the Australian Credit Agreement

The Canadian Lenders party to the Canadian Credit Agreement

c/o The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

=====

INTERCREDITOR AGREEMENT

among

THE LENDERS UNDER THE U.S. CREDIT AGREEMENT, THE CANADIAN CREDIT AGREEMENT
AND THE AUSTRALIAN CREDIT AGREEMENT,

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent,

THE CHASE MANHATTAN BANK,
as Co-Agent under the U.S. Credit Agreement,

CHASE SECURITIES AUSTRALIA LIMITED,
as Australian Administrative Agent,

BANK OF MONTREAL,
as Canadian Administrative Agent,

FIRST CHICAGO CAPITAL MARKETS, INC.,
as Arranger,

and

CHASE SECURITIES INC.,
as Arranger

Dated as of October 31, 1996

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INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT, dated as of October 31, 1996, is among the various commercial lending institutions (the "U.S. Lenders") as are or may become parties to the U.S. Credit Agreement (as herein defined), the various commercial lending institutions (the "Canadian Lenders") as are or may become parties to the Canadian Credit Agreement (as herein defined), the various commercial lending institutions (the "Australian Lenders") as are or may become parties to the Australian Credit Agreement (as herein defined), THE FIRST NATIONAL BANK OF CHICAGO, as Global Administrative Agent (the "Global Administrative Agent"), THE CHASE MANHATTAN BANK, as Co-Agent under the U.S. Credit Agreement (the "U.S. Co-Agent"), CHASE SECURITIES AUSTRALIA LIMITED (ACN 002 888 011), as the Australian Administrative Agent for the Australian Lenders (the "Australian Administrative Agent"), BANK OF MONTREAL, as the Canadian Administrative Agent for the Canadian Lenders (the "Canadian Administrative Agent" and together with the Global Administrative Agent and the Australian Administrative Agent, the "Administrative Agents"), FIRST CHICAGO CAPITAL MARKETS, INC., as Arranger, and CHASE SECURITIES INC., as Arranger.

RECITALS

A. The U.S. Lenders, the Canadian Lenders and the Australian Lenders agree that the Lenders (as herein defined) will rank pari passu with one another with respect to certain payments or recoveries and that certain matters relating to the administration of the U.S. Credit Agreement, the Canadian Credit Agreement or the Australian Credit Agreement (together, the "Credit Agreements") will be made based upon the Combined Commitments (as herein defined) of the Lenders.

B. The pari passu sharing described above will be achieved in certain circumstances by requiring the U.S. Lenders, the Canadian Lenders or the Australian Lenders to purchase from the other Lenders participations in the Loans advanced under the other Credit Agreements.

The parties hereto agree as follows:

ARTICLE 1

DEFINITIONS AND TERMS OF CONSTRUCTION

1.1 Certain Definitions. When used herein, and unless otherwise defined herein, terms and expressions defined in the U.S. Credit Agreement shall have those meanings unless they are also defined in a different manner in either the Australian Credit Agreement or the Canadian Credit Agreement (other than any difference arising solely from conforming changes,

such as the substitution of "Parent" for "Company"), in which case the respective definitions set forth in the respective Credit Agreements shall apply in relation to that Credit Agreement as required by the context; terms defined in only one of the Credit Agreements shall have the meanings specified in such Credit Agreement; and the following additional terms (whether or not underscored) when used in this Intercreditor Agreement, including its preamble and recitals, shall, except as otherwise set forth in this Section or where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Acceleration" means either (i) the termination of the Aggregate Commitments under a Credit Agreement by reason of its stated maturity date or (ii) the acceleration (after the occurrence of a Default) of the due date for payment of the Obligations under a Credit Agreement automatically or by reason of a declaration or demand.

"Administrative Agents" has the meaning set forth in the preamble hereto.

"Agreement" means this Intercreditor Agreement, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"Apache Energy Limited" means Apache Energy Limited, a corporation organized under the laws of the State of Western Australia, Australia.

"Apache Oil Australia" means Apache Oil Australia Pty. Limited, a corporation organized under the laws of the State of New South Wales, Australia.

"Arrangers" has the meaning set forth in the U. S. Credit Agreement.

"Australian Administrative Agent" has the meaning set forth in the preamble hereto.

"Australian Borrowers" means Apache Energy Limited and Apache Oil Australia.

"Australian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Australian Credit Agreement.

"Australian Credit Agreement" means that certain Credit Agreement of even date herewith among the Australian Borrowers, the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent and the Arrangers, as it may be amended, supplemented, restated or otherwise modified (as permitted hereunder) and in effect from time to time.

"Australian Credit Outstandings" means, in respect of any Australian Lender, as at any date of determination thereof, the aggregate principal amount of Loans outstanding from such Australian Lender under the Australian Credit Agreement plus the aggregate amount of such

Lender's Commitment Percentage (under the Australian Credit Agreement) of any other liabilities, obligations or indebtedness, including, without limitation, accrued but unpaid interest and fees, of the Australian Borrowers or any other party to the Australian Loan Documents (other than any Lender or Agent) under the Australian Loan Documents.

"Australian Lenders" has the meaning set forth in the preamble hereto.

"Australian Loan Documents" has the meaning of the term "Loan Documents" as defined in the Australian Credit Agreement.

"Borrower" means the U.S. Borrower, the Canadian Borrower or the Australian Borrowers.

"Canadian Borrower" means Apache Canada Ltd., a corporation organized under the laws of the Province of Alberta, Canada.

"Canadian Commitments" has the meaning of the term "Aggregate Commitment" as defined in the Canadian Credit Agreement.

"Canadian Credit Agreement" means that certain Credit Agreement of even date herewith among the Canadian Borrower, the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers, as it may be amended, supplemented, restated or otherwise modified (as permitted hereunder) and in effect from time to time.

"Canadian Credit Outstandings" means, in respect of any Canadian Lender, as at any date of determination thereof, the aggregate principal amount of Loans outstanding from such Canadian Lender under the Canadian Credit Agreement plus the aggregate amount of such Lender's Commitment Percentage (under the Canadian Credit Agreement) of any other liabilities, obligations or indebtedness, including, without limitation, accrued but unpaid interest and fees, of the Canadian Borrower or any other party to the Canadian Loan Documents (other than any Lender or Agent) under the Canadian Loan Documents.

"Canadian Lenders" has the meaning set forth in the preamble hereto.

"Canadian Loan Documents" has the meaning of the term "Loan Documents" as defined in the Canadian Credit Agreement.

"Co-Agent" has the meaning set forth in the preamble hereto.

"Combined Commitments" means, at any time, the aggregate of the U.S. Commitments, the Canadian Commitments and the Australian Commitments at such time.

"Combined Outstandings" means the aggregate of all U.S. Credit Outstandings, Canadian Credit Outstandings and all Australian Credit Outstandings.

"Combined Required Lenders" means, at any time, Lenders having greater than 66-2/3% of the aggregate amount of the Combined Commitments at such time.

"Combined Super Majority Lenders" means, at any time, Lenders having 75% of the aggregate amount of the Combined Commitments at such time.

"Commitment Percentage" means, as to any Lender under any Credit Agreement, the percentage equivalent of a fraction the numerator of which is the amount of such Lender's Commitment under such Credit Agreement and the denominator of which is the aggregate amount of the Commitments of all Lenders under such Credit Agreement.

"Credit Agreements" means the U.S. Credit Agreement, the Canadian Credit Agreement and the Australian Credit Agreement.

"Debt Limit Excession" has the meaning of the term "Debt Limit Excession" as defined in the U.S. Credit Agreement.

"Default" means a Default or Unmatured Default under (and as defined in) any of the Credit Agreements.

"Downgrade Condition" has the meaning of the term "Downgrade Condition" as defined in the U.S. Credit Agreement.

"Enforcing Party" has the meaning ascribed thereto in Section 2.6.

"Global Administrative Agent" has the meaning set forth in the preamble hereto.

"Guaranty" means any "Guaranty" (as defined in any Credit Agreement) delivered pursuant to such Credit Agreement, in each case as such guaranty may from time to time be amended, supplemented, restated, reaffirmed or otherwise modified.

"Lenders" means the U.S. Lenders, the Canadian Lenders and the Australian Lenders.

"Loan Documents" means the Australian Loan Documents, the Canadian Loan Documents and the U.S. Loan Documents.

"Reallocable Payment" means any amount received by a Lender, after the applicable Sharing Date, in respect of a Credit Agreement by virtue of any payment or prepayment made by or for the account of a Borrower (including for greater certainty any payment made under

a Guaranty of such Borrower's obligations and all amounts realized from the exercise of any foreclosure or similar rights) or by virtue of an exercise of any right of Set-Off.

"Reallocable Payment Proportion" means, at any time:

- (a) for the U.S. Lenders, a percentage determined by dividing:
 - i. the aggregate of the U.S. Credit Outstandings at such time plus any amounts paid by the applicable U.S. Lenders pursuant to Section 3.3(c) plus any amounts distributed by the applicable U.S. Lenders to any Canadian Lenders or Australian Lenders as holders of participation interests in the U.S. Credit Outstandings to such time less any amounts received by the applicable U.S. Lenders pursuant to Section 3.3(c) less any amounts received by the applicable U.S. Lenders from either Canadian Lenders or Australian Lenders by virtue of the applicable U.S. Lenders' holding participation interests in either the Canadian Credit Outstandings or the Australian Credit Outstandings to such time, by
 - ii. the Combined Outstandings at such time;
- (b) for the Canadian Lenders, a percentage obtained by dividing:
 - i. the aggregate of the Canadian Credit Outstandings at such time plus any amounts paid by the applicable Canadian Lenders pursuant to Section 3.3(c) plus any amounts distributed by the applicable Canadian Lenders to any U.S. Lenders or Australian Lenders as holders of participation interests in the Canadian Credit Outstandings to such time less any amounts received by the applicable Canadian Lenders pursuant to Section 3.3(c) less any amounts received by the applicable Canadian Lenders from either U.S. Lenders or Australian Lenders by virtue of the applicable Canadian Lenders' holding participation interests in either the U.S. Credit Outstandings or the Australian Credit Outstandings to such time, by
 - ii. the Combined Outstandings at such time; and
- (c) for the Australian Lenders, a percentage determined by dividing:
 - i. the aggregate of the Australian Credit Outstandings at such time plus any amounts paid by the applicable Australian Lenders pursuant to Section 3.3(c) plus any amounts distributed by the applicable Australian Lenders to any U.S. Lenders or Canadian Lenders as holders of participation interests in the Australian Credit Outstandings to such time less any

amounts received by the applicable Australian Lenders pursuant to Section 3.3(c) less any amounts received by the applicable Australian Lenders from either U.S. Lenders or Canadian Lenders by virtue of the applicable Australian Lenders' holding participation interests in either the U.S. Credit Outstandings or the Canadian Credit Outstandings to such time, by

- ii. the Combined Outstandings at such time.

"Set-Off" means the exercise of any right of set-off, combination of accounts, bankers' liens or similar mechanisms.

"Sharing Date" means, as applicable from time to time, the first to occur of (i) the date on which any Acceleration has occurred or (ii) the date on which any Default arising under Section 12.2 of any of the Credit Agreements has occurred.

"Sharing Percentage" means, at any time:

- (a) for the U.S. Lenders, the percentage determined by dividing the U.S. Credit Outstandings by the Combined Outstandings at such time; and
- (b) for the Canadian Lenders, the percentage determined by dividing the Canadian Credit Outstandings by the Combined Outstandings at such time; and
- (c) for the Australian Lenders, the percentage determined by dividing the Australian Credit Outstandings by the Combined Outstandings at such time.

"Target Sharing Percentages" means the Sharing Percentages of the U.S. Lenders, the Canadian Lenders and the Australian Lenders determined as of the applicable Sharing Date. After a Sharing Date, Target Sharing Percentages of the Lenders shall be recalculated as of each January 1, April 1, June 1 and September 1 using the Combined Outstandings as of the applicable Sharing Date.

"U.S. Borrower" means Apache Corporation, a corporation organized under the laws of the State of Delaware.

"U.S. Commitments" has the meaning of the term "Aggregate Commitment" as defined in the U.S. Credit Agreement.

"U.S. Credit Agreement" means that certain Fourth Amended and Restated Credit Agreement of even date herewith among the U.S. Borrower, the U.S. Lenders, the Global Administrative Agent, the Co-Agent and the Arrangers, as it may be amended, supplemented, restated or otherwise modified (as permitted hereunder) and in effect from time to time.

"U.S. Credit Outstandings" means, in respect of any U.S. Lender, as at any date of determination thereof, the aggregate principal amount of Loans outstanding from such U.S. Lender under the U.S. Credit Agreement plus the aggregate amount of such Lender's Commitment Percentage (under the U.S. Credit Agreement) of any other liabilities, obligations or indebtedness, including, without limitation, accrued but unpaid interest and fees, of the applicable Borrower or any other party to the U.S. Loan Documents (other than any Lender or Agent) under the U.S. Loan Documents.

"U.S. Lenders" has the meaning set forth in the preamble hereto.

"U.S. Loan Documents" has the meaning of the term "Loan Documents" as defined in the U.S. Credit Agreement.

1.2 Headings. Article and section headings of this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Agreement.

1.3 Agreement References. The term "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any amendments or supplements hereto. Unless otherwise stated, references herein to "Sections" are to Sections of this Agreement.

1.4 Accounting and Financial Determination. Unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder, and all financial statements required to be delivered hereunder, shall be prepared in accordance with, the Agreement Accounting Principles.

ARTICLE 2

CO-OPERATIVE ADMINISTRATION

2.1 Combined Voting. Notwithstanding anything to the contrary provided in the Australian Credit Agreement, Canadian Credit Agreement or the U.S. Credit Agreement:

- (a) no decision, determination, instruction, action, consent, waiver or amendment under any of the Credit Agreements which, by the terms of the applicable Credit Agreement, requires approval, agreement or consent by or from the "Required Lenders" (as such expression is used in the respective Credit Agreement), and no amendment of such requirement for such approval, agreement or consent by or from such "Required Lenders," shall be made, taken, implemented, given or effective unless, in addition to the required approval, agreement or consent by or

from the Required Lenders under the applicable Credit Agreement, the same shall have been approved, agreed or consented to by the Combined Required Lenders;

- (b) no decision, determination, instruction, action, consent, waiver or amendment under any of the Credit Agreements which, by the terms of such Credit Agreement, requires approval, agreement or consent by or from all Lenders under such Credit Agreement shall be made, taken, implemented, given or effective unless, in addition to the required approval, agreement or consent by or from all Lenders under the applicable Credit Agreement, the same shall have been approved, agreed or consented to by the Combined Super Majority Lenders.

2.2 Notices and Communications. The Administrative Agents shall without request, to the extent not delivered by the relevant Borrower, promptly provide to each other, for distribution to the Lenders under the applicable Credit Agreement, (i) copies of any material notices or other communications received from a Borrower and material information received or determinations made by any Borrower; (ii) each determination of the Global Borrowing Base; (iii) any notice or other information concerning a redetermination or reduction of Commitments under a Credit Agreement; (iv) any notice or other information concerning a Debt Limit Excession or a Downgrade Condition; (v) all financial statements or other reports provided by any of the Borrowers; (vi) each Approved Engineers' Report or Company's Engineers' Report; (vii) each certificate delivered pursuant to Sections 9.1(a), (c) and (k) of any of the Credit Agreements; (viii) each notice delivered pursuant to Section 9.3 of any of the Credit Agreements; (ix) all calculations or material furnished by a Borrower or prepared by an Administrative Agent with respect to covenants contained in a Credit Agreement; (x) all payments received in respect of any of the Combined Obligations following a Default; and (xi) such other information in the possession of such Administrative Agent (including engineering, financial and non-financial information) as any of the Administrative Agents may from time to time reasonably request; provided that such Administrative Agent shall have no liability to the other Administrative Agents or any Lenders for the failure to deliver such information unless such failure is the result of the gross negligence or willful misconduct of such Administrative Agent.

2.3 Notice Requirements. Without restricting the obligations of the Administrative Agents under Section 2.2, each Administrative Agent agrees with the other Administrative Agents that it will:

- (a) concurrently with the delivery thereof by it to a Borrower, deliver to the other Administrative Agents a copy of any written notice of any Default;
- (b) promptly after receipt thereof, deliver to the other Administrative Agents a copy of any notice or other information concerning a Debt Limit Excession or Downgrade Condition;

- (c) promptly after receipt thereof from a Borrower, deliver to the other Administrative Agents a copy of any written notice received from a Borrower under Section 9.3 of its Credit Agreement;
- (d) deliver to the other Administrative Agents prompt written notice of any declaration of Acceleration or determination that Acceleration has occurred under its Credit Agreement or that all or any portion of the Commitments under its Credit Agreement are terminated;
- (e) deliver to the other Administrative Agents prompt written notice of the commencement of any legal actions or proceedings taken by or on behalf of it against a Borrower by reason of or arising out of any Default; and
- (f) in the case of the U.S. Agent, deliver to the Canadian Agent and the Australian Agent prompt written notice of any determination or redetermination of the Global Borrowing Base (if any) under the U.S. Credit Agreement.

2.4 Permitted Action by the Lenders. Notwithstanding any other provision of this Agreement, any Administrative Agent or (subject to the terms of the relevant Credit Agreement) any Lender may, without instruction from the Administrative Agent or Lenders under the other Credit Agreements (but in no event shall be required to), take action permitted by applicable law to preserve its rights, including, but not limited, to curing any default or alleged default under any contract entered into by the relevant Borrower, and paying any tax, fee or expense on behalf of the relevant Borrower.

2.5 Co-operation. Each Administrative Agent (and, where applicable, the Lenders under the respective Credit Agreements) agrees with the other Administrative Agents (and, where applicable, the Lenders under the other Credit Agreements) that:

- (a) to the extent available, it will from time to time promptly provide such information in its possession to the other Administrative Agents as may be reasonably necessary to enable the other Administrative Agents to make any calculation referred to in or necessary to implement Article 3 hereof or otherwise reasonably required by the other Administrative Agents for any other purpose hereof;
- (b) to the extent reasonably possible and provided that an Administrative Agent shall not be required to breach any confidentiality agreement to which it is party or any applicable law, it will from time to time consult with the other Administrative Agents in good faith regarding the enforcement of its and each of the Lenders' rights and remedies under its Credit Agreement with a view to recovering amounts due under the Credit Agreements in an effective and cost-efficient manner;

- (c) if, after a Default, it gains access to a Borrower's property, assets, financial information or data bases pursuant to the exercise of its secured rights, it will provide reasonable access to the other Administrative Agents to the extent it may legally do so; and
- (d) each Lender will promptly notify the Administrative Agent under the Credit Agreement to which it is a party in writing of the receipt by such Lender of any Reallocable Payment and the applicable Administrative Agent will promptly notify the other Administrative Agents of such receipt.

2.6 Enforcement. From and after any Acceleration, where reasonably practicable in the circumstances and in any event prior to the seeking of the appointment of a receiver or receiver-manager or filing a bankruptcy petition in respect of its Borrower, the Administrative Agent or Lender proposing to do so (the "Enforcing Party") agrees to meet via telephone with the Administrative Agents during reasonable business hours and to consult and cooperate with the Administrative Agents in good faith regarding the enforcement of its rights and each of its Lenders' rights with a view to recovering amounts due under the Credit Agreements in an efficient and cost-efficient manner.

ARTICLE 3

PARI PASSU SHARING

3.1 Overall Intent. It is the intention of the Lenders that, following the occurrence of any Debt Limit Excession or any Sharing Date, they shall share in any payments delivered by, or any amounts resulting from Set-Off against, the U.S. Borrower, the Canadian Borrower or the Australian Borrower to cure such Debt Limit Excession (until the Debt Limit Excession is cured or until a Sharing Date occurs), and after any Sharing Date in any Reallocable Payments received, pro rata to their respective proportions of the Combined Outstandings. It is the further intention of the Lenders that the pari passu sharing arrangements set forth in this Article 3 shall never require that any Lender purchase and continue to hold participations in an aggregate amount greater than such Lender's Aggregate Commitments under any applicable Credit Agreements.

3.2 Payments to Cure Debt Limit Excession. Upon the occurrence of a Debt Limit Excession, the Administrative Agents shall determine the Sharing Percentages of the U.S. Lenders, the Canadian Lenders and the Australian Lenders at such time. The U.S. Borrower, the Canadian Borrower and the Australian Borrower agree that any amounts which are paid to cure such Debt Limit Excession shall be made by the U.S. Borrower to the U.S. Lenders, by the Canadian Borrower to the Canadian Lenders and by the Australian Borrower to the Australian Lenders in accordance with their respective Sharing Percentages as so determined. For purposes of this Section 3.2 and until the Debt Limit Excession is cured or a Sharing Date

occurs, the Sharing Percentages of the Lenders shall be recalculated as of each January 1, April 1, June 1 and September 1 using the Combined Outstandings at the time of such Debt Limit Excession. If a Sharing Date occurs after a Debt Limit Excession, the provisions of Section 3.3 shall be applicable to any amount received by a Lender by way of a payment or Set-Off.

3.3 Equalization Following the Occurrence of the Sharing Date.

- (a) As of a Sharing Date, the Target Sharing Percentages of the respective Lenders shall be determined.
- (b) Upon any receipt by any Administrative Agent or any Lender of any Reallocable Payments (after giving effect to application of such receipts), the Reallocable Payment Proportions of the U.S. Lenders, the Canadian Lenders and the Australian Lenders shall be determined.
- (c) If the Reallocable Payment Proportions of the U.S. Lenders, the Canadian Lenders and the Australian Lenders calculated pursuant to Section 3.3(b) above are not equal to their respective Target Sharing Percentages, then the Lenders whose Reallocable Payment Proportion is less than their Target Sharing Percentages shall first, repurchase participations previously sold by them to other Lenders pursuant to previous applications of this Section 3.3(c) (such participation interests to be allocated pro rata among the sellers and the purchasers in accordance with their respective Target Sharing Percentages) and then purchase participations in the U.S. Credit Outstandings, the Canadian Credit Outstandings or the Australian Credit Outstandings, as the case may be (such participation interests to be allocated pro rata among the sellers and the purchasers in accordance with their respective Target Sharing Percentages), in U.S. Dollars on a non-recourse basis so that, after such payment by the purchasing Lenders and receipt thereof by the selling Lenders, their respective Reallocable Payment Proportions shall equal their Target Sharing Percentages; provided, however, that, if after any amount is paid under this Section 3.3(c), a Borrower or any trustee, liquidator, receiver or receiver-manager or Person with analogous powers (collectively, the "Reimbursed Borrower") recovers any amount from any Lenders ("Disgorging Lenders") in respect of any amount theretofore used to reduce outstanding Obligations under any Credit Agreement or to purchase or repurchase participation interests from the other Lenders, then the amount so recovered (including any interest paid by the Lenders) shall be treated for all purposes:
 - i. as between the relevant Reimbursed Borrower and the Disgorging Lenders; and
 - ii. as between the Disgorging Lenders and the other Lenders,

to be outstanding as U.S. Credit Outstandings, Canadian Credit Outstandings or Australian Credit Outstandings (as applicable), in which case the Reallocable Payment Proportions shall thereupon be adjusted and, notwithstanding the fact that no Reallocable Payment is received, this Section 3.3(c) again applied in order that the Reallocable Payment Proportions equal the applicable Target Sharing Percentages.

- (d) Notwithstanding anything contained in this Agreement or the Credit Agreements, the purchase of participations hereunder by any Lenders shall not constitute an acquisition by such Lenders of any beneficial interest in the applicable Credit Agreement or any amount owing thereunder but shall constitute risk sharing payments among the Lenders and the beneficial interest in such Credit Agreement and all Obligations owing under such Credit Agreement shall at all times remain due and payable to the Lenders under the applicable Credit Agreement.

3.4 Information. From time to time following the occurrence of an Acceleration, each Lender shall promptly provide its Administrative Agent with all necessary information to enable the Administrative Agent to calculate U.S. Credit Outstandings, Canadian Credit Outstandings or Australian Credit Outstandings, Target Sharing Percentages and Reallocable Payment Proportions of the Lenders, including any payments received.

3.5 Pro Rata Treatment. The arrangements contemplated by this Agreement shall apply notwithstanding the time of any Default or any Acceleration under a Credit Agreement or demand under a Guaranty; the date of advance of any funds; the date of appointment of any receiver or receiver-manager or bankruptcy trustee or of taking any other enforcement proceedings; the date of obtaining any judgment; any provision of applicable law or requirement of any governmental or public body or authority, or any subdivision thereof; any defense, claim or any right not provided under this Agreement; or the terms of any agreement between any Lender and/or a Borrower under any other document or instrument between or among such parties, whether or not bankruptcy, receivership or insolvency proceedings shall at any time have been commenced.

ARTICLE 4

RIGHTS OF LENDERS

4.1 Rights of Lenders. Subject to the terms of this Agreement, each Administrative Agent and Lender shall be entitled to:

- (a) deal with its Borrower and with others in connection with its Credit Agreement, give notices to and accept notices from its Borrower thereunder and administer its Credit Agreement in accordance with the terms thereof and of applicable law;

- (b) enforce the provisions of its Credit Agreement and Loan Documents referred to therein to which it is a party, including suing for enforcement of the representations, covenants and payment obligations therein contained, whether or not it accelerates the maturity of any payment obligations in accordance with the terms thereof and of applicable law;
- (c) demand repayment or accelerate the maturity of any payment obligation under the Credit Agreement to which it is a party in accordance with the terms thereof and of applicable law;
- (d) amend or otherwise modify the Credit Agreement to which it is a party, subject to the conditions, and in the manner, therein set forth, provided that the definition of "Global Borrowing Base" and all provisions and terms relating thereto which are set forth in such Credit Agreement may not be amended or otherwise modified without the written consent of the Combined Super Majority Banks; or
- (e) consent to any plan of arrangement or plan of reorganization involving its Borrower under any bankruptcy or insolvency law.

ARTICLE 5

ASSIGNMENT

5.1 Assignees. No provision of this Agreement shall restrict in any manner the assignment, participation or other transfer by a Lender of all or part of its right, title or interest under its Credit Agreement; provided that, unless the assignee becomes a Lender for purposes of this Agreement in accordance with Article 17 of the Credit Agreements and agrees to comply with the terms and provisions of this Agreement, the assigning Lender shall remain responsible for performance of this Agreement with respect to the interest assigned, all as more fully set forth herein.

ARTICLE 6

MISCELLANEOUS

6.1 No Partnership or Joint Venture. Nothing contained in this Agreement, and no action taken by the Administrative Agents or the Lenders (or any of them) pursuant hereto, is intended to constitute or shall be deemed to constitute the Administrative Agents or the Lenders (or any of them) a partnership, association, joint venture or other entity.

6.2 Notices. All notices, requests and other communications to any party hereunder shall be delivered in accordance with the delivery instructions set forth in Article 18 of the applicable Credit Agreement.

6.3 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed by the Combined Super Majority Lenders; provided, however, that:

- (a) the provisions of Section 3 of this Agreement, definitions used in or relating to Section 3 of this Agreement and the provisions of this Section 6.3 may only be amended with the unanimous written consent of all of the Lenders;
- (b) the provisions hereof relating to "Combined Super Majority Banks" may only be amended with the unanimous written consent of the Combined Super Majority Lenders; and
- (c) the provisions hereof relating to the "Administrative Agents" may only be amended with the unanimous written consent of the Administrative Agents.

6.4 Currency and Payment Matters. All payments hereunder shall be made in immediately available funds in United States Dollars. All payments to any Lender hereunder shall be made to it, to the extent practicable, in accordance with the provisions of the relevant Credit Agreement.

6.5 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, and all of which taken together shall constitute a single agreement, with the same effect as if the signatories thereto and hereto were upon the same instrument. This Agreement shall become effective when (i) executed by each of the parties listed on the signature pages hereof and (ii) when all conditions precedent set forth in Section 7.1 of each Credit Agreement are satisfied.

6.6 Benefits. This Agreement is solely for the benefit of and shall be binding upon the Lenders and their successors or assigns, and neither the Borrowers nor any other third party shall have any right, benefit, priority or interest under or by reason of this Agreement.

6.7 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE APPLICABLE LAWS (OTHER THAN THE CONFLICT OF LAW RULES) OF THE STATE OF ILLINOIS AND THE UNITED STATES OF AMERICA FROM TIME TO TIME IN EFFECT. EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS FOR PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT THAT MAY BE BROUGHT OR INSTITUTED AGAINST IT.

6.8 Entire Agreement. This Agreement supersedes any conflicting provisions in any other agreement or instruments (other than the Loan Documents) to which any Lender or Administrative Agent is party, with respect to the rights, duties and obligations of such Lender or Administrative Agent to the other Lenders and Administrative Agents.

6.9 Time of the Essence. Time is of the essence of this Agreement.

6.10 Exculpation. No Lender or Administrative Agent makes any representation or warranty, and no Lender or Administrative Agent and none of such Lender's or Administrative Agent's directors, officers, employees or agents shall (i) be responsible with respect to any recitals, representations or warranties, or for the execution, legality, validity, accuracy, sufficiency, genuineness, effectiveness or enforceability of this Agreement, any of the other Loan Documents or any other instrument or document executed or delivered hereunder or thereunder or in connection herewith or therewith, (ii) be under any duty to any other Lender or Administrative Agent to inquire into or pass upon any of the foregoing matters, or to make any inquiry concerning the performance by any party under any of the Loan Documents, or (iii) in any event be liable as such for any action taken or omitted by it or them, except for its or their own gross negligence or willful misconduct. No Lender or Administrative Agent assumes any responsibility for the financial condition of any party to the Loan Documents, for the security value or existence of any of the Properties, or for the performance of any obligations of any party to the Loan Documents. No Lender or Administrative Agent shall incur any liability under or in respect of this Agreement, of any other Loan Document or any instrument or document delivered under or pursuant hereto or thereto by relying upon any oral, telephonic, telegraphic, electronic or written request or notice, consent, waiver, amendment, certificate, affidavit, letter, telegram, statement, paper, schedule, agreement, report, instrument or document believed by it to be genuine and signed or sent by the proper Person or Persons; provided, however, that the foregoing shall not amend or modify any requirement in any Loan Document that any notice under such Loan Document be in writing.

6.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.12 Benefits of Article 15 of the Credit Agreements. Each of the Administrative Agents, the Co-Agent and the Arrangers shall be entitled to the benefits of Article XV of its Credit Agreement and also to the benefits of Article XV of the other Credit Agreements as if it were a named party in such Article and party to such other Credit Agreement (provided that any payment under the indemnification provisions of Section 15.8 of any Credit Agreement relating to the collection of the Combined Obligations shall be shared by all Lenders as herein provided), in connection with the performance under this Agreement.

6.13 No Oral Agreements

THIS AGREEMENT AND ALL OTHER U.S. LOAN DOCUMENTS, CANADIAN LOAN DOCUMENTS AND AUSTRALIAN LOAN DOCUMENTS (AS DEFINED IN THE RESPECTIVE CREDIT AGREEMENTS) EXECUTED BY ANY OF THE PARTIES BEFORE OR SUBSTANTIALLY CONTEMPORANEOUSLY WITH THE EXECUTION HEREOF TOGETHER CONSTITUTE A WRITTEN LOAN AGREEMENT AND REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date hereof by their respective officers thereunto duly authorized.

THE FIRST NATIONAL BANK OF CHICAGO, as
Global Administrative Agent

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for The First
National Bank of Chicago

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE CHASE MANHATTAN BANK, as Co-Agent under
the U.S. Credit Agreement

By: /s/ THE CHASE MANHATTAN BANK

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

CHASE SECURITIES AUSTRALIA LIMITED (ACN 002 888 011), as Administrative Agent under the Australian Credit Agreement

SIGNED on behalf of)
CHASE SECURITIES AUSTRALIA)
LIMITED)
by its attorney in the)
presence of:)

/s/ CHASE SECURITIES AUSTRALIA LIMITED

Attorney

Lori Vettors

Witness

Print Name

Christopher Click

Print Name

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

BANK OF MONTREAL, as Administrative Agent
under the Canadian Credit Agreement

By: /s/ BANK OF MONTREAL

Name:

Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 4

FIRST CHICAGO CAPITAL MARKETS, INC., as
Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 6

THE FIRST NATIONAL BANK OF CHICAGO, as a
U.S. Lender

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for The First
National Bank of Chicago

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 7

THE CHASE MANHATTAN BANK, as a U.S. Lender

By: /s/ THE CHASE MANHATTAN BANK

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

BANK OF MONTREAL, as a U.S. Lender

By: /s/ BANK OF MONTREAL

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as a U.S. Lender

By: /s/ MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

NATIONSBANK OF TEXAS, N.A., as a
U.S. Lender

By: /s/ NATIONSBANK OF TEXAS, N.A.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

ROYAL BANK OF CANADA, as a U.S. Lender

By: /s/ ROYAL BANK OF CANADA

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a U.S. Lender

By: BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION

Name: J. Stephen Mernick
Title: Senior Vice President

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

CIBC INC., as a U.S. Lender

By: /s/ CIBC INC.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 14

SOCIETE GENERALE, SOUTHWEST AGENCY, as a
U.S. Lender

By: /s/ SOCIETE GENERALE, SOUTHWEST AGENCY

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 15

ABN-AMRO BANK N.V. - HOUSTON AGENCY, as a
U.S. Lender

By: /s/ ABN-AMRO BANK N.V. - HOUSTON AGENCY

Name:
Title:

By: /s/ ABN-AMRO BANK N.V. - HOUSTON AGENCY

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE BANK OF NOVA SCOTIA, ATLANTA AGENCY, as
a U.S. Lender

By: /s/ THE BANK OF NOVA SCOTIA, ATLANTA AGENCY

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

CHRISTIANIA BANK OG KREDITKASSE, as a
U.S. Lender

By: /s/ CHRISTIANIA BANK OG KREDITKASSE

Name:
Title:

By: /s/ CHRISTIANIA BANK OG KREDITKASSE

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

CITIBANK, N.A., as a U.S. Lender

By: /s/ CITIBANK, N.A.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.,
as a U.S. Lender

By: /s/ THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

UNION BANK OF SWITZERLAND, HOUSTON AGENCY,
as a U.S. Lender

By: /s/ UNION BANK OF SWITZERLAND, HOUSTON AGENCY

Name:
Title:

By: /s/ UNION BANK OF SWITZERLAND, HOUSTON AGENCY

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE FIRST NATIONAL BANK OF BOSTON, as a
U.S. Lender

By: /s/ THE FIRST NATIONAL BANK OF BOSTON

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 22

BANQUE PARIBAS, as a U.S. Lender

By: /s/ BANQUE PARIBAS

Name:
Title:

By: /s/ BANQUE PARIBAS

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

COLORADO NATIONAL BANK, as a U.S. Lender

By: /s/ COLORADO NATIONAL BANK

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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THE FUJI BANK, LIMITED - HOUSTON AGENCY, as
a U.S. Lender

By: /s/ THE FUJI BANK, LIMITED - HOUSTON AGENCY

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

UNION BANK OF CALIFORNIA, N.A., as a
U.S. Lender

By: /s/ UNION BANK OF CALIFORNIA, N.A.

Name:
Title:

By: /s/ UNION BANK OF CALIFORNIA, N.A.

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE FIRST NATIONAL BANK OF CHICAGO,
AUSTRALIAN BRANCH (ARBN 065 752 918), as an
Australian Lender

SIGNED on behalf of)
THE FIRST NATIONAL BANK OF)
CHICAGO, AUSTRALIAN BRANCH)
by its attorney in the)
presence of:)

/s/ THE FIRST NATIONAL BANK OF CHICAGO,
AUSTRALIAN BRANCH

Attorney

W. Walter Green, III,

Witness

Print Name

Francis R. Bradley, III

Print Name

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE CHASE MANHATTAN BANK (ARBN 074 112
011), as an Australian Lender

SIGNED on behalf of)
THE CHASE MANHATTAN BANK)
by its attorney in the)
presence of:)

/s/ THE CHASE MANHATTAN BANK

Attorney

Lori Veters

Witness

Print Name

Christopher Click

Print Name

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

J.P. MORGAN AUSTRALIA LIMITED (ACN 004 384 687), as an Australian Lender

SIGNED on behalf of)
J.P. MORGAN AUSTRALIA LIMITED)
by its attorney in the)
presence of:)

/s/ J.P. MORGAN AUSTRALIA LIMITED

Attorney

Witness

Print Name

Print Name

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION (ARBN 064 874 531), SYDNEY
BRANCH, as an Australian Lender

By: /s/ BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION

Name: J. Stephen Mernick
Title: Senior Vice President

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

CITIBANK, N.A. (ARBN 072 814 058), as an
Australian Lender

By: /s/ CITIBANK, N.A.

Name:

Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

S - 31

BANK OF MONTREAL, as a Canadian Lender

By: /s/ BANK OF MONTREAL

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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FIRST CHICAGO NBD BANK, CANADA, as a
Canadian Lender

By: /s/ FIRST CHICAGO NBD BANK, CANADA

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE CHASE MANHATTAN BANK OF CANADA, as a
Canadian Lender

By: /s/ THE CHASE MANHATTAN BANK OF CANADA

Name:

Title:

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ROYAL BANK OF CANADA, as a Canadian Lender

By: /s/ ROYAL BANK OF CANADA

Name:

Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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CANADIAN IMPERIAL BANK OF COMMERCE, as a
Canadian Lender

By: /s/ CANADIAN IMPERIAL BANK OF COMMERCE

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

THE BANK OF NOVA SCOTIA, as a
Canadian Lender

By: /s/ THE BANK OF NOVA SCOTIA

Name:
Title:

[SIGNATURE PAGE TO INTERCREDITOR AGREEMENT]

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October 31, 1996

To each of the Parties Listed
on attached Schedule I

Re: Apache Corporation Global Credit Facility
Indemnity Agreement

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Intercreditor Agreement of even date herewith, in the form attached hereto as Exhibit "A" unless the parties hereto otherwise agree (the "Intercreditor Agreement"), among the various commercial lending institutions (the "U.S. Lenders") as are or may become parties to that certain Fourth Amended and Restated Credit Agreement of even date herewith among the U.S. Borrower (as herein defined), the U.S. Lenders, the Global Administrative Agent (as herein defined), the U.S. Co-Agent (as herein defined) and the Arrangers therein named (the "Arrangers") (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "U.S. Credit Agreement"), the various commercial lending institutions (the "Australian Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Australian Borrower (as herein defined), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Australian Credit Agreement"), the various commercial lending institutions (the "Canadian Lenders", and together with the U.S. Lenders and the Australian Lenders, the "Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Canadian Borrower (as herein defined), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Canadian Credit Agreement"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), The Chase Manhattan Bank, as Co-Agent under the U.S. Credit Agreement (the "U.S. Co-Agent"), Chase Securities Australia Limited (ACN 002 888 011), as the Administrative Agent for the Australian Lenders (the "Australian Administrative Agent"), Bank of Montreal, as the Administrative Agent for the Canadian Lenders (the "Canadian Administrative Agent" and together with the Global Administrative Agent and the Australian Administrative Agent, the "Administrative Agents"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger; (ii) that certain Fourth Amended and Restated Credit Agreement of even date herewith among Apache Corporation (the "U.S. Borrower"), the U.S. Lenders, the Global Administrative Agent, the U.S. Co-Agent and the Arrangers; (iii) that certain Credit Agreement of even date herewith among Apache Energy Limited (ACN 009 301

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 2

964) and Apache Oil Australia Pty. Limited (ACN 050 611 688) (collectively, the "Australian Borrower"), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent and the Arrangers; (iv) that certain Credit Agreement of even date herewith among Apache Canada Ltd. (the "Canadian Borrower", and together with the U.S. Borrower and the Australian Borrower, the "Borrowers"), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers, as each may be amended, supplemented, restated or otherwise modified and in effect from time to time. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

The Australian Borrower consents to the terms and provisions of this letter agreement (this "Indemnity Agreement") and the Intercreditor Agreement, including, without limitation, the terms and provisions regarding the disclosure of information, the sharing of payments, and the purchase and sale of participations in the Credit Agreements, consents to all actions required of any Administrative Agent or Lender pursuant to the terms and conditions of the Intercreditor Agreement, and agrees to take all actions necessary to give effect to the terms and provisions of this Indemnity Agreement and the Intercreditor Agreement. The Australian Borrower agrees that any amounts which are paid (or received by way of setoff, combination of accounts or similar arrangements) to cure any Debt Limit Excession shall be made by the U.S. Borrower to the U.S. Lenders, by the Australian Borrower to the Australian Lenders and by the Canadian Borrower to the Canadian Lenders in accordance with their respective Sharing Percentages as determined by the Administrative Agents in accordance with the terms of the Intercreditor Agreement. It is the intention of the parties hereto that, except as otherwise set forth in this Indemnity Agreement, under no circumstances will any Borrower be required to pay any principal amount under the Global Loan Documents in excess of outstanding Obligations with respect to its Credit Agreement and any guaranty executed by the Borrower plus any interest, fees and other amounts as set forth in this Indemnity Letter and any other Global Loan Document.

If after any amount is paid under Section 3.3(c) of the Intercreditor Agreement a Borrower or any trustee, liquidator, receiver or receiver-manager or Person with analogous powers (collectively the "Reimbursed Borrower") recovers any amount from any Lenders ("Disgorging Lenders") in respect of any amount theretofore used to reduce outstanding Obligations under any Credit Agreement or to purchase or repurchase participation interests from the other Lenders, then the amount so recovered (including any interest paid by the Lenders) shall be treated for all purposes: (i) as between the relevant Reimbursed Borrower and the Disgorging Lenders, and (ii) as between the Disgorging Lenders and the other Lenders (the

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 3

"Non-Disgorging Lenders"), to be outstanding as U.S. Credit Outstandings, Canadian Credit Outstandings or Australian Credit Outstandings, as applicable, in which case the Reallocable Payment Proportions shall thereupon be adjusted and, notwithstanding the fact that no reallocable payment is received, Section 3.3(c) of the Intercreditor Agreement again applied in order that the Reallocable Payment Proportions equal the applicable Target Sharing Percentages.

To the extent the application of the provisions of this Indemnity Agreement or the Intercreditor Agreement give rise to any liability for any tax payments (other than income tax and franchise tax payments) in connection with any payments made by the U.S. Borrower, the Australian Borrower, the Canadian Borrower, any Administrative Agent, the Co-Agent, any Arranger, or any Lender or any other party to any Credit Agreement, then (notwithstanding any provisions to the contrary set forth in the Credit Agreements), the Australian Borrower agrees that the Borrowers, including the Australian Borrower, jointly and severally, shall indemnify each Lender, Administrative Agent, Co-Agent and Arranger (the "Loan Parties") and shall hold each Loan Party free and harmless from and against any such liability; provided, however, that each Loan Party (if so requested by a Borrower under a Credit Agreement through the appropriate Administrative Agent) will use good faith efforts to accommodate any reasonable request by such Borrower in order to avoid the need for, or reduce the amount of, such compensation so long as the request will not, in the sole opinion of the applicable Loan Party, be disadvantageous to such Loan Party.

The Australian Borrower agree to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for such Loan Party) paid or incurred by such Loan Party in connection with the preparation, review, execution, delivery, amendment, modification and administration of the Global Loan Documents, including, without limitation, this Indemnity Agreement and the Intercreditor Agreement. The Australian Borrower agrees to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for the Loan Parties) paid or incurred by any Loan Party in connection with the collection and enforcement of the Global Loan Documents, including this Indemnity Agreement and the Intercreditor Agreement.

The Australian Borrower hereby indemnifies, exonerates and holds each Loan Party, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or

preparation therefor whether or not any Loan Party or any Indemnified Person is a party thereto and all other attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) and disbursements ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to, this Indemnity Agreement, the Intercreditor Agreement, the other Global Loan Documents or the transactions contemplated hereby or thereby (the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Australian 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. The Australian Borrower shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the Australian Borrower had knowledge of the facts and circumstances giving rise to such Claims.

Nothing contained in this agreement shall be construed in a manner which would deem any party to this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document (under state law or for tax purposes) to be acting in partnership with any other party. The obligations of the Australian Borrower under this Indemnity Agreement and the Intercreditor Agreement shall survive the termination of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document or any non-assumption of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document in a bankruptcy or similar proceeding.

This Indemnity Agreement may be executed in any number of counterparts and by different parties on separate counterparts, and all such counterparts shall together constitute but one and the same agreement.

THIS INDEMNITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. This Indemnity Agreement constitutes the entire understanding of the parties hereto with the Australian Borrower with respect to the Intercreditor Agreement and this Indemnity Agreement and supersedes any prior agreements, written or oral, with respect thereto.

Very truly yours,

APACHE ENERGY LIMITED (ACN 009 301
964), as an Australian Borrower

By: /s/ APACHE ENERGY LIMITED

Name: Matthew W. Dundrea
Title: Treasurer

APACHE OIL AUSTRALIA PTY. LIMITED
(ACN 050 611 688), as an Australian
Borrower

By: /s/ APACHE OIL AUSTRALIA PTY. LIMITED

Name: Matthew W. Dundrea
Title: Treasurer

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 6

AGREED AND CONSENTED TO BY:

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent and on behalf of
the U.S. Lenders under the U.S. Credit Agreement

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for
The First National Bank of Chicago

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 7

AGREED AND CONSENTED TO BY:

THE CHASE MANHATTAN BANK, as U.S. Co-Agent

By: /s/ THE CHASE MANHATTAN BANK

Name:
Title:

To each of the Parties Listed
on attached Schedule I
October 31, 1996
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AGREED AND CONSENTED TO BY:

CHASE SECURITIES AUSTRALIA LIMITED (ACN 002 888 011), as
Australian Administrative Agent and on behalf of
the Australian Lenders under the Australian Credit Agreement

SIGNED on behalf of)
CHASE SECURITIES)
AUSTRALIA LIMITED)
by its attorney in the)
presence of:)

/s/ CHASE SECURITIES AUSTRALIA LIMITED

Attorney

Lori Vettors

Witness

Print Name

Christopher Click

Print Name

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 9

AGREED AND CONSENTED TO BY:

BANK OF MONTREAL, as Canadian
Administrative Agent and on behalf of
the Canadian Lenders under the Canadian Credit Agreement

By: /s/ BANK OF MONTREAL

Name:
Title:

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 10

AGREED AND CONSENTED TO BY:

FIRST CHICAGO CAPITAL MARKETS,
INC., as Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:
Title:

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 11

AGREED AND CONSENTED TO BY:

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

SCHEDULE I

The First National Bank of Chicago,
as Global Administrative Agent

The Chase Manhattan Bank, as U.S. Co-Agent

Chase Securities Australia Limited, as
Australian Administrative Agent

Bank of Montreal, as Canadian
Administrative Agent

First Chicago Capital Markets, Inc., as Arranger

Chase Securities Inc., as Arranger

The U.S. Lenders party to the Fourth Amended
and Restated Credit Agreement

The Australian Lenders party to the Australian Credit Agreement

The Canadian Lenders party to the Canadian Credit Agreement

c/o The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

October 31, 1996

To each of the Parties Listed
on attached Schedule I

Re: Apache Corporation Global Credit Facility Indemnity Agreement

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Intercreditor Agreement of even date herewith, in the form attached hereto as Exhibit "A" unless the parties hereto otherwise agree (the "Intercreditor Agreement"), among the various commercial lending institutions (the "U.S. Lenders") as are or may become parties to that certain Fourth Amended and Restated Credit Agreement of even date herewith among the U.S. Borrower (as herein defined), the U.S. Lenders, the Global Administrative Agent (as herein defined), the U.S. Co-Agent (as herein defined) and the Arrangers therein named (the "Arrangers") (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "U.S. Credit Agreement"), the various commercial lending institutions (the "Australian Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Australian Borrower (as herein defined), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Australian Credit Agreement"), the various commercial lending institutions (the "Canadian Lenders", and together with the U.S. Lenders and the Australian Lenders, the "Lenders") as are or may become parties to that certain Credit Agreement of even date herewith among the Canadian Borrower (as herein defined), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent (as herein defined) and the Arrangers (as it may be amended, supplemented, restated or otherwise modified and in effect from time to time, the "Canadian Credit Agreement"), The First National Bank of Chicago, as Global Administrative Agent (the "Global Administrative Agent"), The Chase Manhattan Bank, as Co-Agent under the U.S. Credit Agreement (the "U.S. Co-Agent"), Chase Securities Australia Limited (ACN 002 888 011), as the Administrative Agent for the Australian Lenders (the "Australian Administrative Agent"), Bank of Montreal, as the Administrative Agent for the Canadian Lenders (the "Canadian Administrative Agent" and together with the Global Administrative Agent and the Australian Administrative Agent, the "Administrative Agents"), First Chicago Capital Markets, Inc., as Arranger, and Chase Securities Inc., as Arranger; (ii) that certain Fourth Amended and Restated Credit Agreement of even date herewith among Apache Corporation (the "U.S. Borrower"), the U.S. Lenders, the Global Administrative Agent, the U.S. Co-Agent and the Arrangers; (iii) that certain Credit Agreement of even date herewith among Apache Energy Limited (ACN 009 301

To each of the Parties Listed
on attached Schedule I
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Page 2

964) and Apache Oil Australia Pty. Limited (ACN 050 611 688) (collectively, the "Australian Borrower"), the Australian Lenders, the Global Administrative Agent, the Australian Administrative Agent and the Arrangers; (iv) that certain Credit Agreement of even date herewith among Apache Canada Ltd. (the "Canadian Borrower", and together with the U.S. Borrower and the Australian Borrower, the "Borrowers"), the Canadian Lenders, the Global Administrative Agent, the Canadian Administrative Agent and the Arrangers, as each may be amended, supplemented, restated or otherwise modified and in effect from time to time. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Intercreditor Agreement.

The Canadian Borrower consents to the terms and provisions of this letter agreement (this "Indemnity Agreement") and the Intercreditor Agreement, including, without limitation, the terms and provisions regarding the disclosure of information, the sharing of payments, and the purchase and sale of participations in the Credit Agreements, consents to all actions required of any Administrative Agent or Lender pursuant to the terms and conditions of the Intercreditor Agreement, and agrees to take all actions necessary to give effect to the terms and provisions of this Indemnity Agreement and the Intercreditor Agreement. The Canadian Borrower agrees that any amounts which are paid (or received by way of setoff, combination of accounts or similar arrangements) to cure any Debt Limit Excession shall be made by the U.S. Borrower to the U.S. Lenders, by the Australian Borrower to the Australian Lenders and by the Canadian Borrower to the Canadian Lenders in accordance with their respective Sharing Percentages as determined by the Administrative Agents in accordance with the terms of the Intercreditor Agreement. It is the intention of the parties hereto that, except as otherwise set forth in this Indemnity Agreement, under no circumstances will any Borrower be required to pay any principal amount under the Global Loan Documents in excess of outstanding Obligations with respect to its Credit Agreement and any guaranty executed by the Borrower plus any interest, fees and other amounts as set forth in this Indemnity Letter and any other Global Loan Document.

If after any amount is paid under Section 3.3(c) of the Intercreditor Agreement a Borrower or any trustee, liquidator, receiver or receiver-manager or Person with analogous powers (collectively the "Reimbursed Borrower") recovers any amount from any Lenders ("Disgorging Lenders") in respect of any amount theretofore used to reduce outstanding Obligations under any Credit Agreement or to purchase or repurchase participation interests from the other Lenders, then the amount so recovered (including any interest paid by the Lenders) shall be treated for all purposes: (i) as between the relevant Reimbursed Borrower and the Disgorging Lenders, and (ii) as between the Disgorging Lenders and the other Lenders (the

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 3

"Non-Disgorging Lenders"), to be outstanding as U.S. Credit Outstandings, Canadian Credit Outstandings or Australian Credit Outstandings, as applicable, in which case the Reallocable Payment Proportions shall thereupon be adjusted and, notwithstanding the fact that no reallocable payment is received, Section 3.3(c) of the Intercreditor Agreement again applied in order that the Reallocable Payment Proportions equal the applicable Target Sharing Percentages.

To the extent the application of the provisions of this Indemnity Agreement or the Intercreditor Agreement give rise to any liability for any tax payments (other than income tax and franchise tax payments) in connection with any payments made by the U.S. Borrower, the Australian Borrower, the Canadian Borrower, any Administrative Agent, the Co-Agent, any Arranger, or any Lender or any other party to any Credit Agreement, then (notwithstanding any provisions to the contrary set forth in the Credit Agreements), the Canadian Borrower agrees that the Borrowers, including the Canadian Borrower, jointly and severally, shall indemnify each Lender, Administrative Agent, Co-Agent and Arranger (the "Loan Parties") and shall hold each Loan Party free and harmless from and against any such liability; provided, however, that each Loan Party (if so requested by a Borrower under a Credit Agreement through the appropriate Administrative Agent) will use good faith efforts to accommodate any reasonable request by such Borrower in order to avoid the need for, or reduce the amount of, such compensation so long as the request will not, in the sole opinion of the applicable Loan Party, be disadvantageous to such Loan Party.

The Canadian Borrower agree to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including fees and expenses of consultants and attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for such Loan Party) paid or incurred by such Loan Party in connection with the preparation, review, execution, delivery, amendment, modification and administration of the Global Loan Documents, including, without limitation, this Indemnity Agreement and the Intercreditor Agreement. The Canadian Borrower agrees to reimburse each Loan Party for any reasonable costs and out-of-pocket expenses (including attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) for the Loan Parties) paid or incurred by any Loan Party in connection with the collection and enforcement of the Global Loan Documents, including this Indemnity Agreement and the Intercreditor Agreement.

The Canadian Borrower hereby indemnifies, exonerates and holds each Loan Party, and their respective directors, agents, officers and employees ("Indemnified Persons") free and harmless from and against any and all losses, claims, damages, penalties, judgments, liabilities, actions, suits, costs and expenses (including, without limitation, all expenses of litigation or

preparation therefor whether or not any Loan Party or any Indemnified Person is a party thereto and all other attorneys' fees (on a solicitor and his own client basis with respect to the Canadian Loan Documents) and disbursements ("Claims") which any of them may pay or incur as a result of, arising out of, or relating to, this Indemnity Agreement, the Intercreditor Agreement, the other Global Loan Documents or the transactions contemplated hereby or thereby (the "Indemnified Liabilities"), except to the extent that a final order of a court of competent jurisdiction finds that such Indemnified Liability arises solely from such Indemnified Person's gross negligence or wilful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Canadian 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. The Canadian Borrower shall be obligated to indemnify the Indemnified Persons for all Claims regardless of whether the Canadian Borrower had knowledge of the facts and circumstances giving rise to such Claims.

Nothing contained in this agreement shall be construed in a manner which would deem any party to this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document (under state law or for tax purposes) to be acting in partnership with any other party. The obligations of the Canadian Borrower under this Indemnity Agreement and the Intercreditor Agreement shall survive the termination of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document or any non-assumption of this Indemnity Agreement, the Intercreditor Agreement or any other Global Loan Document in a bankruptcy or similar proceeding.

This Indemnity Agreement may be executed in any number of counterparts and by different parties on separate counterparts, and all such counterparts shall together constitute but one and the same agreement.

THIS INDEMNITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. This Indemnity Agreement constitutes the entire understanding of the parties hereto with the Canadian Borrower with respect to the Intercreditor Agreement and this Indemnity Agreement and supersedes any prior agreements, written or oral, with respect thereto.

Very truly yours,

APACHE CANADA LTD., as Canadian
Borrower

By: /s/ APACHE CANADA LTD.

Name: Matthew W. Dundrea
Title: Treasurer

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 6

AGREED AND CONSENTED TO BY:

THE FIRST NATIONAL BANK OF CHICAGO,
as Global Administrative Agent and on behalf of
the U.S. Lenders under the U.S. Credit Agreement

By: /s/ THE FIRST NATIONAL BANK OF CHICAGO

Name: W. Walter Green
Title: Attorney-in-fact for
The First National Bank of Chicago

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 7

AGREED AND CONSENTED TO BY:

THE CHASE MANHATTAN BANK, as U.S. Co-Agent

By: /s/ THE CHASE MANHATTAN BANK

Name:
Title:

AGREED AND CONSENTED TO BY:

CHASE SECURITIES AUSTRALIA LIMITED (ACN 002 888 011), as
Australian Administrative Agent and on behalf of
the Australian Lenders under the Australian Credit Agreement

SIGNED on behalf of)
CHASE SECURITIES)
AUSTRALIA LIMITED)
by its attorney in the)
presence of:)

/s/ CHASE SECURITIES AUSTRALIA LIMITED

Attorney

Lori Vettors

Witness

Print Name

Christopher Click

Print Name

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 9

AGREED AND CONSENTED TO BY:

BANK OF MONTREAL, as Canadian
Administrative Agent and on behalf of
the Canadian Lenders under the Canadian Credit Agreement

By: /s/ BANK OF MONTREAL

Name:
Title:

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 10

AGREED AND CONSENTED TO BY:

FIRST CHICAGO CAPITAL MARKETS,
INC., as Arranger

By: /s/ FIRST CHICAGO CAPITAL MARKETS, INC.

Name:
Title:

To each of the Parties Listed
on attached Schedule I
October 31, 1996
Page 11

AGREED AND CONSENTED TO BY:

CHASE SECURITIES INC., as Arranger

By: /s/ CHASE SECURITIES INC.

Name: Tod Benton
Title: Managing Director

SCHEDULE I

The First National Bank of Chicago,
as Global Administrative Agent

The Chase Manhattan Bank, as U.S. Co-Agent

Chase Securities Australia Limited, as
Australian Administrative Agent

Bank of Montreal, as Canadian
Administrative Agent

First Chicago Capital Markets, Inc., as Arranger

Chase Securities Inc., as Arranger

The U.S. Lenders party to the Fourth Amended
and Restated Credit Agreement

The Australian Lenders party to the Australian Credit Agreement

The Canadian Lenders party to the Canadian Credit Agreement

c/o The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670

[APACHE LETTERHEAD]

CONTACTS:

(MEDIA): JOHN KELSO (713) 296-6155
TONY LENTINI (713) 296-6227
(INVESTOR): ROBERT DYE (713) 296-6662

FOR IMMEDIATE RELEASE

APACHE OFFERS PROGRAM FOR ODD-LOT SHAREHOLDERS

Houston (October 25, 1996) -- Apache Corporation (NYSE: APA) today announced a purchase/sale program for odd-lot shareholders. The program will enable Apache shareholders owning fewer than 100 shares of the company's common stock as of October 18, 1996, either to purchase enough additional stock to reach 100 shares or to sell their holdings completely.

The program is entirely voluntary and will be conducted exclusively through the mail. Participants will pay a processing fee of 75 cents for each share purchased or sold. Shares submitted for sale will first be matched to purchase requests; unmatched shares will be bought by Apache and added to its shares held in treasury. If more shares are purchased by odd-lot shareholders than sold, the unmatched purchases will be covered by shares bought in the open market by Apache's agent.

Program materials are scheduled to be mailed on October 28. Shareholder Communications Corporation will administer the program, which expires November 22, unless extended by Apache.

Apache established the program to reduce administrative costs while providing small shareholders with a convenient and inexpensive method of purchasing or selling shares. Shares purchased or sold under the program will be at prevailing market prices. This program does not apply to any shares held in Apache's dividend reinvestment plan.

Apache Corporation is a large gas and oil independent with operations in North America and abroad. Its shares are traded on the New York and Chicago stock exchanges.

-end-