

RECEIPT, RELEASE, AND SETTLEMENT AGREEMENT

THIS RECEIPT, RELEASE, AND SETTLEMENT AGREEMENT is made and entered into this 1st day of March, 1996, by and among Betty D. Blanchard and Paul Maclean (hereinafter referred to as "Petitioners"), and Atlantic Richfield Company, Texaco Inc., Texaco Exploration and Production Inc., Tortuga Operating Company, Tortuga Interests, Inc., Blanchard 1986, Ltd., John E. Hine, Peter L. Turbett, TXO Production Corporation, and any and all of their employees, agents, officers, directors, shareholders, partners, insurers, excess insurers, affiliated companies, subsidiaries, divisions, assigns, successors, heirs, and executors (hereinafter collectively referred to as "The Released Parties").

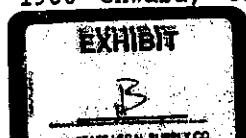
WHEREAS, on July 1, 1986, Betty D. Blanchard filed a Petition for Cancellation of Mineral Lease, Damages, and Attorney's Fees in the Sixteenth Judicial District Court, Parish of St. Mary, State of Louisiana, bearing no. 77,796, against named Defendants, The Atlantic Richfield Company, Texaco Inc., Tortuga Operating Co., and Tortuga Interests, Inc., seeking cancellation of a certain Oil, Gas, and Mineral Lease initially entered into on October 28, 1942, and recorded in COB 6-F, Folio 489, Entry No. 69350 of the public records of the Clerk of Court, Parish of St. Mary, State of Louisiana; and further seeking monetary damages, attorney's fees and costs;

WHEREAS, Betty D. Blanchard subsequently filed various amended and supplemental petitions, naming additional Defendants, TXO Production Corporation, Blanchard 1986, Ltd., John E. Hine, and Peter L. Turbett, and stating additional or expanded claims against Defendants.

WHEREAS, Paul Maclean was subsequently added as a party Plaintiff to the aforementioned proceedings;

WHEREAS, on June 25, 1993, Petitioners, Betty D. Blanchard and Paul Maclean, filed a Second Amended and Supplemental Petition, praying for Judgment against Defendants, in solido, terminating the aforementioned Oil, Gas, and Mineral Lease; and seeking recovery of all income from mineral production and sales from the leased property from May 1, 1986 onward, together with interest and

MACLEAN
EXHIBIT A



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attorney's fees; recovery of \$2,000,000.00, together with interest and attorney's fees, for damages to the surface, soils, sub-surface, and groundwater on or under the leased property; recovery of \$2,000,000.00 for the alleged cost of restoring the premises as near as practical to original condition, alternatively specific performance of that obligation; an estimated \$15,000.00 per year for loss of crop revenue; recognition of Betty D. Blanchard's right of pledge on equipment, machinery, and other property on the leased premises; and, for any other appropriate relief to which Petitioners were entitled under law;

AND WHEREAS, the aforementioned Petitioners and Defendants now desire to enter into this Receipt, Release, and Settlement Agreement in full settlement, resolution, and discharge of all claims which are, might have been, or may be asserted in any action against The Released Parties, upon the terms and conditions set forth below:

NOW THEREFORE, the parties hereto agree as follows:

1.0 Option to Purchase Immovable Property

Betty D. Blanchard shall execute the Option to Purchase Immovable Property attached hereto as Exhibit "A".

2.0 Amendment and Ratification

2.1 Betty D. Blanchard and Blanchard 1986, Ltd. shall execute and enter into the Amendment and Ratification of Oil, Gas, and Mineral Lease, attached hereto as Exhibit "B".

2.2 It is understood and agreed that Atlantic Richfield Company, Texaco Inc., Texaco Exploration and Production Inc., and TXO Production Corporation are not parties to the Amendment and Ratification of Oil, Gas, and Mineral Lease and assume no obligations, responsibilities, or liabilities thereunder. Furthermore, Petitioners agree to waive any claim or demand against Atlantic Richfield Company, Texaco Inc., Texaco Exploration and Production Inc., or TXO Production Corporation, and any and all of their employees, agents, officers, directors, shareholders, insurers, excess insurers, affiliated companies, subsidiaries, divisions, assigns, successors, heirs, and executors, in any way

arising out of or relating to, directly or indirectly, any damage or loss that may occur or arise in connection with activities conducted pursuant to, or subsequent to execution of the Amendment and Ratification of Oil, Gas, and Mineral Lease.

3.0 Payment of Damages/Costs/Option to Purchase Immovable Property

In consideration of the release by Petitioners of all claims (as specified in section 5.0 of this Receipt, Release and Settlement Agreement) and in consideration of other obligations undertaken herein by Petitioners, The Released Parties agree to pay the sum of FOUR HUNDRED AND FIFTY-FIVE THOUSAND AND NO/100 (\$455,000.00) DOLLARS in damages; the sum of FIFTY THOUSAND AND NO/100 (\$50,000.00) DOLLARS in partial reimbursement of court costs, sampling/testing costs and any other costs incurred by Petitioners herein; and TWENTY-FIVE THOUSAND AND NO/100 (\$25,000.00) DOLLARS in connection with the Option to Purchase Immovable Property referred to in Section 1.0 herein. Petitioners hereby acknowledge receipt of the aforementioned sums.

4.0 Adequacy of Consideration - Denial of Liability

Petitioners agree and acknowledge that they accept payment of the aforementioned sum received pursuant to this Receipt, Release, and Settlement Agreement as a full, complete, final, and binding compromise of matters involving disputed issues, despite or regardless of any possible contention that too little or too much may have been paid; and Petitioners further agree and understand that payment of the aforementioned sum by The Released Parties is not to be construed an admission of liability or wrongdoing on the part of any of The Released Parties, by whom liability is expressly denied; no past or present fault or wrongdoing on the part of The Released Parties shall be implied by such payment.

5.0 Release and Discharge

5.1 In consideration of the payment set forth in Section 3.0, receipt of which is hereby acknowledged, and other obligations undertaken by any or all of The Released Parties in this Receipt, Release and Settlement Agreement, Petitioners hereby, and for their heirs, executors, and assigns, completely release and forever

discharge The Released Parties from any and all past, present, or future claims, demands, obligations, actions, and causes of action, known or unknown, whether based in tort, contract, or any other theory of recovery, on account of, or in any way arising out of, directly or indirectly, the claims and assertions set forth in the aforementioned original Petition and all Amended and Supplemental Petitions -- specifically including (but not limited to) any claims in any way relating to the allegation that the aforementioned Oil, Gas and Mineral Lease did not produce in paying quantities between 1984 and 1986 or at any other time; any claims relating to alleged damage to or contamination of Betty D. Blanchard's property, known as Park Plantation, allegedly arising from oilfield operations conducted by the Released Parties (including, but not limited to, claims relating to surface and/or sub-surface soil and water contamination allegedly resulting from oilfield operations); and any claims relating to an alleged obligation on the part of The Released Parties to clean up, restore, or remove any materials or contaminants from the property.

5.2 This release and discharge by Petitioners shall apply to The Released Parties' past, present, and future officers, directors, stockholders, attorneys, agents, servants, representatives, successors-in-interest, assigns and all other persons, firms, or corporations with whom any of the former have been, are now, or may hereinafter be affiliated, including, but not limited to, any insurers or re-insurers.

5.3 Petitioners acknowledge that Blanchard 1986 Limited has acquired the full ownership, as Lessee, of the Oil, Gas and Mineral Lease which is the subject of the above-referenced lawsuit and of this Receipt, Release, and Settlement Agreement. The release granted by Petitioners herein shall constitute a novation and full release and acquittal of all liabilities and obligations of Atlantic Richfield Company, Texaco Inc., Texaco Exploration and Production Inc., and TXO Production Corporation as Lessees under said Oil, Gas, and Mineral Lease with the following exception. In the event said Oil, Gas and Mineral Lease is terminated and the

assignees of Lessees' interest in said Oil, Gas, and Mineral Lease fail or refuse to plug and abandon those wells or production facilities existing as of the date of execution of this settlement agreement and Petitioners are required by law or order of court to plug and abandon said wells and production facilities, then Atlantic Richfield Company, Texaco Inc., Texaco Exploration and Production Inc., and TXO Production Company will remain responsible to plug and abandon said wells and production facilities to the extent required by Lessees under said Oil, Gas and Mineral Lease.

6.0 Indemnification

6.1 In further consideration of the payment set forth in Section 3.0, and other obligations undertaken by The Released Parties in this Receipt, Release and Settlement Agreement, Petitioners agree to defend, save and hold harmless, and indemnify The Released Parties, their past, present, and future officers, directors, stockholders, attorneys, agents, servants, representatives, employees, subsidiaries, insurers, affiliates, partners, predecessors, successors-in-interest, assigns and all other persons and firms or corporations with whom any of the former have been, are now, or may hereinafter be affiliated, of and from any and all claims or actions, known or unknown, that have been, are, or may hereafter be asserted, by anyone, against any or all of The Released Parties, arising directly or indirectly out of the claims asserted by Petitioners in the aforementioned civil proceeding -- specifically including, but not limited to, any claims by present or former counsel, present or former expert witnesses or consulting firms, and claims by any other persons or parties alleging an interest in the property known as Park Plantation or the claims asserted by Petitioners herein.

6.2 As an exception to the above paragraph, The Released Parties agree to indemnify and hold harmless Betty D. Blanchard, her heirs, successors, lessees or assigns from any third-party claims which may be asserted against Betty D. Blanchard in connection with or relating to environmental conditions on the

property known as Park Plantation caused by previous oil and gas operations by The Released Parties.

7.0 Attorney's Fees

The Released Parties shall not be liable for any attorney's fees arising from Petitioners' prosecution of this action.

8.0 Delivery of Dismissal with Prejudice

Petitioners shall authorize G. Tim Alexander, their counsel of record, to execute a dismissal with prejudice of all claims in the aforementioned civil proceeding, each party to bear its own costs.

9.0 Representation of Comprehension of Document

In entering into this Receipt, Release, and Settlement Agreement, Petitioners represent that they have relied upon the advice of their counsel, G. Tim Alexander and Dale Hayes, who are their attorneys of choice, concerning the legal consequences of this Receipt, Release, and Settlement Agreement; that the terms of this Receipt, Release, and Settlement Agreement have been completely explained to Petitioners by their attorneys; and that the terms of this Receipt, Release, and Settlement Agreement are fully understood and voluntarily accepted by them.

10.0 Warranty of Capacity to Execute Agreement

Petitioners represent and warrant that no other person or entity has or had any interest in the claims, demands, obligation or causes of action referred to in this Receipt, Release, and Settlement Agreement; and that Petitioners have the sole right and exclusive authority to execute this Receipt, Release, and Settlement Agreement, and to receive the settlement specified in it; and that Petitioners have not sold, assigned, transferred, conveyed, or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Receipt, Release, and Settlement Agreement.

11.0 Governing Law

This Receipt, Release, and Settlement Agreement shall be construed and interpreted in accordance with the laws of the State of Louisiana.

12.0 Entire Agreement and Successors-in-Interest

This Receipt, Release, and Settlement Agreement contains the entire agreement between Petitioners and The Released Parties with regard to the matters set forth herein and shall be binding upon the executors, administrators, personal representatives, heirs, successors, and assigns of Petitioners.

13.0 Effectiveness

This Receipt, Release, and Settlement Agreement shall become effective immediately following execution by the parties listed below.

STATE OF LOUISIANA

PARISH OF St. Mary

THUS DONE AND SIGNED as to Betty D. Blanchard on the 21st day of March, 1996, in Morgan City, Louisiana, in the presence of the undersigned competent witnesses, who sign with appearer and the undersigned Notary, after due reading of the whole.

WITNESSES:

PETITIONERS:

Doris Arcain
Jessica A. Ratcliff

Betty D. Blanchard
BETTY D. BLANCHARD

James S. Walters
NOTARY PUBLIC

STATE OF LOUISIANA

PARISH OF Lafayette

THUS DONE AND SIGNED as to ~~Betty D. Blanchard~~ on the 22nd day of March, 1996, in Acme, Louisiana, in the presence of the undersigned competent witnesses, who sign with appearer and the undersigned Notary, after due reading of the whole.

WITNESSES:

Terrie Deane
Magnum Howard

Paul Maclean
PAUL MACLEAN

A. Tim Allen
NOTARY PUBLIC

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