SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

{x} QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1998

{ } TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transaction period from _____ to _____
COMMISSION FILE NUMBER 0-9592

LOMAK PETROLEUM, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	34-1312571
(State of incorporation)	(I.R.S. Employer Identification No.)
500 THROCKMORTON STREET, FT. WORTH, TEXAS	76102
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (817) 870-2601

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No
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22,120,075 Common Shares were outstanding on May 11, 1998.

PART I. FINANCIAL INFORMATION

The financial statements included herein have been prepared in conformity with generally accepted accounting principles and should be read in conjunction with the December 31, 1997 Form 10-K filing. The statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations.

LOMAK PETROLEUM, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	December 31, 1997	March 31, 1998 (unaudited)
ASSETS		
Current assets		
Cash and equivalents	$ 9,725	$ 7,257
Accounts receivable	29,200	23,103
Marketable securities	8,041	8,393
Inventory and other	2,779	1,975
	49,745	40,728
Oil and gas properties, successful efforts method	785,223	844,542
Accumulated depletion and impairment	(161,416)	(169,129)
	623,807	675,413
Transportation, processing and field assets	85,904	86,199
Accumulated depreciation	(9,730)	(10,917)
	76,174	75,282
Other	9,107	8,829
	$ 758,833	$ 800,252
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 26,878	$ 19,645
Accrued liabilities	19,046	15,979
Accrued payroll and benefit costs	3,195	3,446
Current portion of debt (Note 4)	413	28
	49,532	39,098
Senior debt (Note 4)	186,712	234,905
Senior subordinated notes (Note 4)	125,000	125,000
Convertible subordinated debentures (Note 4)	55,000	55,000
Deferred taxes (Note 10)	25,639	27,191
Company-obligated preferred securities of subsidiary trust (Note 7)	120,000	120,000
Commitments and contingencies (Note 6)		
Stockholders' equity (Notes 7 and 8)		
Preferred stock, $1 par, 10,000,000 shares authorized,		
$2.03 convertible preferred, 1,149,840 issued and outstanding		
(liquidation preference $28,746,000)	1,150	1,150
Common stock, $.01 par, 50,000,000 shares authorized,		
21,058,442 and 21,105,111 issued and outstanding	211	211
Capital in excess of par value	217,631	217,988
Retained earnings (deficit)	(22,412)	(20,857)
Unrealized gain on marketable securities	370	566
	196,950	199,058
	$ 758,833	$ 800,252

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended March 31,	
	1997	1998
	(unaudited)	
Revenues		
Oil and gas sales	$ 34,338	$ 32,540
Transportation, processing and marketing	2,774	2,791
Interest and other	638	1,741
	37,750	37,072
Expenses		
Direct operating	7,772	8,396
Transportation, processing and marketing	869	1,062
Exploration	1,002	413
General and administrative	1,082	1,840
Interest	3,959	8,734
Depletion, depreciation and amortization	12,651	12,198
	27,335	32,643
Income before taxes	10,415	4,429
Income taxes		
Current	937	109
Deferred	2,916	1,551
	3,853	1,660
Net income	$ 6,562	$ 2,769
Comprehensive income (Note 2)	$ 5,135	$ 2,889
Earnings per common share		
Basic	$ 0.35	$ 0.10
Dilutive	$ 0.34	$ 0.10

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Three Months Ended March 31,	
	1997	1998
	(unaudited)	
Cash flows from operations:		
Net income	$ 6,562	$ 2,769
Adjustments to reconcile net income to net cash provided by operations:		
Depletion, depreciation and amortization	12,651	12,198
Amortization of debt issuance costs	83	345
Deferred income taxes	2,916	1,551
Changes in working capital net of effects of purchases of businesses:		
Accounts receivable	(7,912)	5,815
Marketable securities	(1,189)	108
Inventory and other	(599)	737
Accounts payable	3,652	(7,233)
Accrued liabilities and payroll and benefits costs	3,842	(2,816)
Gain on sale of assets and other	(761)	(1,751)
Net cash provided by operations	19,245	11,723
Cash flows from investing:		
Oil and gas properties	(313,478)	(77,022)
Additions to property and equipment	(49,416)	(472)
Proceeds on sale of assets	9,094	16,352
Net cash used in investing	(353,800)	(61,142)
Cash flows from financing:		
Proceeds from indebtedness	403,727	48,200
Repayments of indebtedness	(134,002)	(392)
Preferred stock dividends	(584)	(584)
Common stock dividends	(403)	(630)
Proceeds from common stock issuance, net	65,620	380
Repurchase of common stock	(13)	(23)
Net cash provided by financing	334,345	46,951
Change in cash	(210)	(2,468)
Cash and equivalents at beginning of period	8,625	9,725
Cash and equivalents at end of period	$ 8,415	$ 7,257
Supplemental disclosures of non-cash investing and financing activities:		
Purchase of property and equipment financed with common stock	$ 30,000	$ -

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION:

Lomak Petroleum, Inc. ("Lomak" or the "Company") is an independent oil and gas company engaged in development, exploration and acquisition primarily in four core areas: Permian, Midcontinent, Gulf Coast and Appalachia. Historically, the Company has increased its reserves and production through acquisitions, development and exploration of its properties. At December 31, 1997, proved reserves totaled 753 Bcfe, having a pre-tax present value at constant prices on that date of $632 million and a reserve life index of 15.3 years.

Lomak's objective is to maximize shareholder value through growth in its reserves, production, cashflow and earnings through a balanced program of exploration and development drilling and strategic acquisitions. In order to effectively pursue its operating strategy, the Company has concentrated its activities in selected geographic areas. In each core area, the Company has established separate acquisition, engineering, geological, operating and other technical expertise. The Company believes that this geographic focus provides it with a competitive advantage in sourcing and evaluating new business opportunities within these areas, as well as providing economies of scale in developing and operating its properties.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The accompanying financial statements include the accounts of the Company, all majority owned subsidiaries and its pro rata share of the assets, liabilities, income and expenses of certain oil and gas partnerships and joint ventures. Highly liquid temporary investments with an initial maturity of ninety days or less are considered cash equivalents.

MARKETABLE SECURITIES

The Company has adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under Statement No. 115, debt and marketable equity securities are required to be classified in one of three categories: trading, available-for-sale, or held to maturity. The Company's equity securities qualify under the provisions of Statement No. 115 as available-for-sale. Such securities are recorded at fair value, and unrealized holding gains and losses, net of the related tax effect, are reflected as a separate component of stockholders' equity. A decline in the market value of an available-for-sale security below cost that is deemed other than temporary is charged to earnings and results in the establishment of a new cost basis for the security. Realized gains and losses are determined on the specific identification method and are reflected in income.

OIL AND GAS PROPERTIES

The Company follows the successful efforts method of accounting for oil and gas properties. Exploratory costs which result in the discovery of reserves and the cost of development wells are capitalized. Geological and geophysical costs, delay rentals and costs to drill unsuccessful exploratory wells are expensed. Depletion is provided on the unit-of-production method. Oil is converted to Mcfe at the rate of 6 Mcf per barrel. The depletion rates per Mcfe were $0.99 and $0.83 in the first quarters of 1997 and 1998, respectively. Approximately $111.2 million and $112.2 million of oil and gas properties were not subject to depletion as of December 31, 1997 and March 31, 1998, respectively

The Company has adopted Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which

establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill. SFAS No. 121 requires a review for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized only if the carrying amount of an asset is greater than its expected future cash flows. The amount of the impairment is based on the estimated fair value of the asset.

TRANSPORTATION, PROCESSING AND FIELD ASSETS

The Company owns and operates over 3,000 miles of gas gathering systems and gas processing plants in proximity to its principal gas properties. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from four to twenty years.

The Company receives fees for providing field related services. These fees are recognized as earned. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from one to five years, except buildings which are being depreciated over ten to twenty-five year periods.

DEBT ISSUANCE COSTS

Expenses associated with the issuance of the 6% Convertible Subordinated Debentures due 2007 and the 8.75% Senior Subordinated Notes due 2007 are included in Other Assets on the accompanying balance sheet and are being amortized on the interest method over the term of the indebtedness.

GAS IMBALANCES

The Company uses the sales method to account for gas imbalances. Under the sales method, revenue is recognized based on cash received rather than the proportionate share of gas produced. Gas imbalances at December 31, 1997 and March 31, 1998 were not material.

EARNINGS PER COMMON SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128 "Earnings per Share." Statement 128 replaced the calculation of primary and fully diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share. All earnings per share amounts for all periods have been presented, and where appropriate, restated to conform to Statement 128 requirements.

COMPREHENSIVE INCOME

Effective January 1, 1998 the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130 "Reporting Comprehensive Income" which requires disclosure of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income is defined as changes in stockholders' equity from nonowner sources and, for the Company, includes net income, changes the fair value of marketable securities. The following is a calculation of the Company's comprehensive income for the quarters ended March 31, 1997 and 1998.

	For the quarters ended March 31,	
	1997	1998
Net income	$ 6,562	2,769
Add: Unrealized gain/(loss)		
Gross	(565)	196
Tax effect	209	(73)
Less: Realized gains		
Gross	(1,700)	-
Tax effect	629	-
Comprehensive income	$ 5,135	$ 2,889

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATURE OF BUSINESS

The Company operates in an environment with many financial and operating risks, including, but not limited to, the ability to acquire additional economically recoverable oil and gas reserves, the inherent risks of the search for, development of and production of oil and gas, the ability to sell oil and gas at prices which will provide attractive rates of return, and the highly competitive nature of the industry and worldwide economic conditions. The Company's ability to expand its reserve base and diversify its operations is also dependent upon the Company's ability to obtain the necessary capital through operating cash flow, borrowings or the issuance of additional equity.

RECLASSIFICATIONS

Certain reclassifications have been made to prior periods presentation to conform with current period classifications.

(3) ACQUISITION AND DEVELOPMENT:

All of the Company's acquisitions have been accounted for as purchases. The purchase prices were allocated to the assets acquired based on the fair value of such assets and liabilities at the respective acquisition dates. The acquisitions were funded by working capital, advances under a revolving credit facility and the issuance of equity.

In the first quarter of 1997, the Company acquired oil and gas properties located in West Texas, South Texas and the Gulf of Mexico (the "Cometra Properties") from American Cometra, Inc. ("Cometra") for a purchase price of $385 million. The Cometra Properties, located primarily in the Company's core operating areas, include 515 producing wells and additional development and exploration potential on approximately 150,000 gross acres (90,000 net acres). In addition, the Cometra Properties included gas pipelines, a 25,000 Mcf/d gas processing plant and an above-market gas contract with a major gas utility. In addition, the Company acquired other interests totaling $2.3 million during the three month period ended March 31, 1997.

In September 1997, the Company acquired properties in Appalachia (the "Meadville Properties") for a purchase price of $92.5 million. The Appalachia properties are located in certain of the Company's core operating areas and include 912 producing wells, 800 miles of gas gathering lines and leasehold acreage

covering 153,000 gross acres (146,000 net acres). The acquired reserves were 80% developed and 95% operated on a pre-tax present value basis as of December 31, 1996. The properties have access to a number of major interstate pipelines and industrial end-users. In December 1997, the Company sold a net profits interest in the properties for $36.3 million.

In December 1997, the Company completed the acquisition of certain oil properties located in the Fuhrman-Mascho field in West Texas (the "Fuhrman-Mascho Properties") for a purchase price of $40 million, with an economic effective date of October 1, 1997. The Fuhrman-Mascho Properties included 160 producing wells and leasehold acreage covering approximately 13,600 gross acres. On a Present Value basis, the acquired reserves were 40% developed and greater than 95% operated.

In March 1998, the Company completed the acquisition of oil and gas properties in the Powell Ranch Field in West Texas (the "Powell Ranch Properties") for a purchase price of $57 million, including $42 million in cash and $15 million of future consideration. At the Company's election, the future consideration is payable in cash or Lomak Common Stock in eight equal monthly installments beginning June 1, 1998. At March 31, 1998 the future consideration is included in senior indebtedness. The acquired properties encompass 14,200 gross acres, include 32 producing wells, 28 drilling locations, and significant exploration potential. On a BOE basis, the reserves are 85% oil and 15% natural gas.

In addition to the above mentioned purchases, the Company acquired other properties for an aggregate consideration of $26.1 million and $5.1 million during the year ended December 31, 1997 and the quarter ended March 31, 1998, respectively.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table presents unaudited pro forma operating results as if certain transactions had occurred at the beginning of each period presented. The pro forma operating results include the following transactions: (i) the sale of approximately 4 million shares of Common Stock and the application of the net proceeds therefrom, (ii) the sale of $125 million of 8.75% Senior Subordinated Notes and the application of the net proceeds therefrom, (iii) the sale of $120 million of 5 3/4% Trust Convertible Preferred Securities and the application of the net proceeds therefrom, (iv) the purchase by the Company of the Meadville Properties and (v) the purchase by the Company of the Powell Ranch Properties. All acquisitions were accounted for as purchase transactions.

	Three months ended March 31,	
	1997	1998
	(in thousands except per share data)	
Revenues	$ 45,347	$ 38,878
Net income	6,744	1,994
Earnings per share	0.30	0.07
Earnings per share - dilutive	0.29	0.06
Total assets	820,622	800,252
Stockholders' equity	218,146	199,058

The pro forma operating results have been prepared for comparative purposes only. They do not purport to present actual operating results that would have been achieved had the acquisitions and financings been made at the beginning of each period presented or to necessarily be indicative of future results of operations.

(4) INDEBTEDNESS:

The Company had the following debt outstanding as of the dates shown. Interest rates at March 31, 1998 are shown parenthetically (in thousands):

	December 31, 1997	March 31, 1998
Bank Facility (6.6%)	$ 186,700	$ 219,900
Other (5.9%)	425	15,033
	187,125	234,933
Less amounts due within one year	413	28
Senior debt, net	$ 186,712	$ 234,905
8.75% Senior Subordinated Notes due 2007	$ 125,000	$ 125,000
6% Convertible Subordinated Debentures due 2007	55,000	55,000
Subordinated debt, net	$ 180,000	$ 180,000

The Company maintains a $400 million revolving bank facility (the "Bank Facility"). The Bank Facility provides for a borrowing base which is subject to semi-annual redeterminations. At April 30, 1998, the borrowing base on the Bank Facility was $325 million of which $105 million was available to be drawn. The Bank Facility bears interest at prime rate or LIBOR plus 0.625% to 1.125% depending upon the percentage of the borrowing base drawn. Interest is payable quarterly and the loan matures in February 2003. A commitment fee is paid quarterly on the undrawn balance at a rate of .25% to .375% depending upon the percentage of the borrowing base not drawn. It is the Company's policy to extend the term period of the Bank Facility annually. The weighted average interest rates on these borrowings were 6.8% and 6.6% for the three months ended March 31, 1997 and 1998, respectively.

The 8.75% Senior Subordinated Notes due 2007 (the "8.75% Notes") are not redeemable prior to January 15, 2002. Thereafter, the 8.75% Notes will be subject to redemption at the option of the Company, in whole or in part, at redemption prices beginning at 104.375% of the principal amount and declining to 100% in 2005. The 8.75% Notes are unsecured general obligations of the Company and are subordinated to all senior debt (as defined) of the Company which includes borrowings under the Bank Facility. The 8.75% Notes are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company and each guarantor is a wholly owned subsidiary of the Company. The guarantees are full, unconditional and joint and several. Separate financial statements of each guarantor are not presented because they are included in the consolidated financial statements of the Company and management has concluded that their disclosure provides no additional benefits.

The 6% Convertible Subordinated Debentures Due 2007 (the "Debentures") are convertible into shares of the Company's Common Stock at the option of the holder at any time prior to maturity. The Debentures are convertible at a conversion price of $19.25 per share, subject to adjustment in certain events. Interest is payable semi-annually. The Debentures will mature in 2007 and are not redeemable prior to February 1, 2000. The Debentures are unsecured general obligations of the Company subordinated to all senior indebtedness (as defined) of the Company, which includes the 8.75% Notes and the Bank Facility.

The debt agreements contain various covenants relating to net worth, working capital maintenance and financial ratio requirements. The Company is in compliance with these various covenants as of March 31, 1998. Interest paid during the three month periods ended March 31, 1997 and 1998 totaled, $2.8 million and $12.6 million, respectively.

(5) FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES:

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, debt obligations, commodity and interest rate futures, options, and swaps. The book value of cash and equivalents, accounts receivable and payable and short term debt are considered to be representative of fair value because of the short maturity of these instruments. The Company believes that the carrying value of its borrowings under its bank credit facility approximates their fair value as they bear interest at rates indexed to LIBOR. The Company's accounts receivable are concentrated in the oil and gas industry. The Company does not view such a concentration as an unusual credit risk. The Company has recorded an allowance for doubtful accounts of $539,000 and $599,000 at December 31, 1997 and March 31, 1998, respectively.

A portion of the Company's crude oil and natural gas sales are periodically hedged against price risks through the use of futures, option or swap contracts. The gains and losses on these instruments are included in the valuation of the production being hedged in the contract month and are included as an adjustment to oil and gas revenue. The Company also manages interest rate risk on its credit facility through the use of interest rate swap agreements. Gains and losses on swap agreements are included as an adjustment to interest expense.

The following table sets forth the book value and estimated fair values of the Company's financial instruments:

	December 31, 1997		March 31, 1998	
	(In thousands)			
	Book Value	Fair Value	Book Value	Fair Value
Cash and equivalents	$ 9,725	$ 9,725	$ 7,257	$ 7,257
Marketable securities	7,671	8,041	7,827	8,393
Long-term debt	(367,125)	(367,125)	(414,933)	(414,933)
Commodity swaps	-	1,071	-	(380)
Interest rate swaps	-	73	-	150

At March 31, 1998, the Company had open contracts for gas price swaps of 3.1 Bcf. The swap contracts are designed to set average prices ranging from $2.20 to $2.57 per Mcf. While these transactions have no carrying value, their fair value, represented by the estimated amount that would be required to terminate the contracts, was a net loss of approximately $380,000 at March 31, 1998. These contracts expire monthly through August 1998. The gains or losses on the Company's hedging transactions is determined as the difference between the contract price and the reference price, generally closing prices on the New York Mercantile Exchange. The resulting transaction gains and losses are determined monthly and are included in net income in the period the hedged production or inventory is sold. Net gains or (losses) relating to these derivatives for the three months ended March 31, 1997 and 1998 approximated $(417,000) and $1.2 million, respectively.

Interest rate swap agreements, which are used by the Company in the management of interest rate exposure, is accounted for on the accrual basis. Income and expense resulting from these agreements are recorded in the same category as expense arising from the related liability. Amounts to be paid or received under interest rate swap agreements are recognized as an adjustment to expense in the periods in which

they accrue. At March 31, 1998, the Company had $80 million of borrowings subject to four interest rate swap agreements at rates of 5.64%, 5.71%, 5.59% and 5.35% through October 1998, September 1999, October 1999 and January 2000, respectively. The interest rate swaps may be extended at the counterparties' option for two years. The agreements require that the Company pay the counterparty interest at the above fixed swap rates and requires the counterparty to pay the Company interest at the 30-day LIBOR rate. The closing 30-day LIBOR rate on March 31, 1998 was 5.69%. The fair value of the interest rate swap agreements at March 31, 1998 is based upon current quotes for equivalent agreements.

These hedging activities are conducted with major financial or commodities trading institutions which management believes entail acceptable levels of market and credit risks. At times such risks may be concentrated with certain counterparties or groups of counterparties. The credit worthiness of counterparties is subject to continuing review and full performance is anticipated.

(6) COMMITMENTS AND CONTINGENCIES:

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position.

In July 1997, a gas utility filed an action in the state district court in Tarrant County, Texas. In the lawsuit, the gas utility asserted a breach of contract claim arising out of a gas purchase contract, in which it is buyer and the Company is seller. Under the gas utility's interpretation of the contract it is seeking, as damages, the reimbursement of the difference between the above-market contract price it paid and market price on a portion of the gas it has taken beginning in July 1997. As of January 1998, the utility, alleged that it was entitled to receive approximately $2 million plus attorneys' fees, and that this amount will increase by the time the proceedings are completed. Based on its interpretation of the contract, the Company counterclaimed seeking damages for breach of contract and for repudiation of the contract. In April 1998, the court gave notice of its intention to grant a partial summary judgement on the liability issue in favor of the gas utility's interpretation of the contract. The case is currently scheduled for trial on June 1, 1998 to determine the amount of damages, if any. The Company intends to defend the damage claim and appeal the entire decision if the court enters its final judgement in favor of the utility. Accordingly, no damage amounts have been included in the Company's financial statements.

(7) EQUITY SECURITIES:

On October 16, 1997, Lomak, through a newly-formed affiliate Lomak Financing Trust (the "Trust"), completed the issuance of $120 million of 5 3/4% trust convertible preferred securities (the "Convertible Preferred Securities"). The Trust issued 2,400,000 shares of the Convertible Preferred Securities at $50 per share. Each Convertible Preferred Security is convertible at the holder's option into 2.1277 shares of Common Stock, representing a conversion price of $23.50 per share.

The Trust invested the $120 million of proceeds in 5 3/4% convertible junior subordinated debentures issued by Lomak (the " Junior Debentures"). In turn, Lomak used the net proceeds from the issuance of the Junior Convertible Debentures to repay a portion of its credit facility. The sole assets of the Trust are the Junior Debentures. The Junior Debentures and the related Convertible Preferred Securities mature on November 1, 2027. Lomak and Lomak Financing Trust may redeem the Junior Debentures and the Convertible Preferred Securities, respectively, in whole or in part, on or after November 4, 2000. For the first twelve months thereafter, redemptions may be made at 104.025% of the principal amount. This premium declines proportionally every twelve months until November 1, 2007, when the redemption price becomes fixed at 100% of the principal amount. If Lomak redeems any Junior Debentures prior to the scheduled maturity date, the Trust must redeem Convertible Preferred Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Junior Debentures so redeemed.

Lomak has guaranteed the payments of distributions and other payments on the Convertible Preferred Securities only if and to the extent that the Trust has funds available. Such guarantee, when taken together with Lomak's obligations under the Junior Debentures and related indenture and declaration of trust, provide a full and unconditional guarantee of amounts due on the Convertible Preferred Securities.

Lomak owns all the common securities of the Trust. As such, the accounts of the Trust have been included in Lomak's consolidated financial statements after appropriate eliminations of intercompany balances. The distributions on the Convertible Preferred Securities have been recorded as a charge to interest expense on Lomak's consolidated statements of income, and such distributions are deductible by Lomak for income tax purposes.

In March 1997, the Company sold 4 million shares of common stock in a public offering for $69 million.

In November 1995, the Company issued 1,150,000 shares of $2.03 convertible exchangeable preferred stock (the "$2.03 Preferred Stock") for $28.8 million. The $2.03 Preferred Stock is convertible into the Company's common stock at a conversion price of $9.50 per share, subject to adjustment in certain events. The $2.03 Preferred Stock is redeemable, at the option of the Company, at any time on or after November 1, 1998, at redemption prices beginning at 105%. At the option of the Company, the $2.03 Preferred Stock is exchangeable for the Company's 8-1/8% Convertible Subordinated Notes due 2005. The notes would be subject to the same redemption and conversion terms as the $2.03 Preferred Stock.

(8) STOCK OPTION AND PURCHASE PLAN:

The Company maintains a Stock Option Plan which authorizes the grant of options of up to 3.0 million shares of Common Stock. However, no new options may be granted which would result in their being outstanding aggregate options exceeding 10% of common shares outstanding plus those shares issuable under convertible securities. Under the plan, incentive and non-qualified options may be issued to officers, key employees and consultants. The plan is administered by the Compensation Committee of the Board. All options issued under the plan vest 30% after one year, 60% after two years and 100% after three years. During the three months ended March 31, 1998, options covering 53,330 shares were exercised at prices ranging from $5.12 to $10.50 per share. At March 31, 1998, options covering a total of 1.4 million shares were outstanding under the plan, of which 972,000 options were exercisable. The exercise prices of the outstanding options range from $3.38 to $18.06.

In 1994, the stockholders approved the 1994 Outside Directors Stock Option Plan (the "Directors Plan"). Only Directors who are not employees of the Company are eligible under the Directors Plan. The Directors Plan covers a maximum of 200,000 shares. At March 31, 1998, 108,000 options were outstanding under the Directors Plan of which 40,800 were exercisable as of that date. The exercise price of the options ranges from $7.75 to $16.88 per share.

In June 1997, the stockholders approved the 1997 Stock Purchase Plan (the "1997 Plan") which authorizes the sale of up to 500,000 shares of common stock to officers, directors, key employees and consultants. Under the Plan, the right to purchase shares at prices ranging from 50% to 85% of market value may be granted. The Company previously had stock purchase plans which covered 833,333 shares. The previous stock plans have been terminated. The plans are administered by the Compensation Committee of the Board. During the three months ended March 31, 1998, the Company sold 15,400 common shares to officers, key employees and outside directors for total consideration of $167,400. From inception through March 31, 1998, a total of 474,000 unregistered shares had been sold, for a total consideration of approximately $3.9 million.

(9) BENEFIT PLAN:

The Company maintains a 401(K) Plan for the benefit of its employees. The Plan permits employees to make contributions on a pre-tax salary reduction basis. The Company makes discretionary contributions to the Plan. Company contributions for 1997 totaled $701,000. The Company has no other employment benefit plans.

(10) INCOME TAXES:

The Company follows FASB Statement No. 109, "Accounting for Income Taxes". Under Statement 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company has entered into several business combinations accounted for as purchases. In connection with these transactions, deferred tax assets and liabilities of $7.7 million and $23.8 million respectively, were recorded. In 1996 the Company acquired Eastern Petroleum Company in a taxable business combination accounted for as a purchase. A net deferred tax liability of $2.1 million was recorded in the transaction. In 1997 the Company acquired Arrow Operating Company in a tax free business combination accounted for as a purchase. Accordingly, a deferred tax liability of $12 million was recorded.

As a result of the Company's issuance of equity and convertible debt securities, it experienced a change in control during 1988 as defined by Section 382 of the Internal Revenue Code. The change in control placed limitations to the utilization of net operating loss carryovers. At March 31, 1998, the Company had available for federal income tax reporting purposes net operating loss carryovers of approximately $26 million which are subject to annual limitations as to their utilization and otherwise expire between 1998 and 2012, if unused. The Company has alternative minimum tax net operating loss carryovers of $21 million which are subject to annual limitations as to their utilization and otherwise expire from 1998 to 2012 if unused. The Company has statutory depletion carryover of approximately $3.8 million and an alternative minimum tax credit carryover of approximately $800,000. The statutory depletion carryover and alternative minimum tax credit carryover are not subject to limitation or expiration.

(11) EARNINGS PER COMMON SHARE

The following table sets forth the computation of earnings per common share and earnings per common share - assuming dilution (in thousands):

	MARCH 31,	
	1997	1998
Numerator:		
Net Income	$ 6,562	$ 2,769
Preferred stock dividends	(584)	(584)
Numerator for earnings per common share	5,978	2,185
Effect of dilutive securities:		
Preferred stock dividends	-	-
Numerator for earnings per common share - assuming dilution	$ 5,978	$ 2,185
Denominator:		
Denominator for earnings per common share - weighted average shares	16,973	21,073
Effect of dilutive securities:		
Employee stock options	451	518
Warrants	258	-
Dilutive potential common shares	709	518
Denominator for diluted earnings per share adjusted weighted-average shares and assumed conversions	17,682	21,591
Earnings per common share	$ 0.35	$ 0.10
Earnings per common share - assuming dilution	$ 0.34	$ 0.10

For additional disclosure regarding the Company's Debentures, the 7 1/2% Preferred Stock and the $2.03 Preferred Stock, see Notes 4, 7 and 8 respectively. The Debentures were outstanding during 1997 and 1998 but were not included in the computation of diluted earnings per share because the conversion price was greater than the average market price of common shares and, therefore, the effect would be antidilutive. The $2.03 Preferred Stock was outstanding during 1997 and 1998 and was convertible into 3,026,316 of additional shares of common stock. The 3,026,316 additional shares were not included in the computation of diluted earnings per share because the conversion price was greater than the average market price of common shares and, therefore, the effect would be antidilutive. There were employee stock options outstanding during 1997 and 1998 which were exercisable, resulting in 451,728 and 1,018,052 additional shares, respectively, under the treasury method of accounting for common stock equivalents. These additional shares were not included in the 1997 and 1998 computations of diluted earnings per share because the effect was antidilutive.

(12) MAJOR CUSTOMERS:

The Company markets its oil and gas production on a competitive basis. The type of contract under which gas production is sold varies but can generally be grouped into three categories: (a) life-of-

the-well; (b) long-term (1 year or longer); and (c) short-term contracts which may have a primary term of one year, but which are cancelable at either party's discretion in 30-120 days. Approximately 48% of the Company's gas production is currently sold under market sensitive contracts which do not contain floor price provisions. For the three months ended March 31, 1998, one customer accounted for 19% of the Company's total oil and gas revenues. Management believes that the loss of any one customer would not have a material adverse effect on the operations of the Company. Oil is sold on a basis such that the purchaser can be changed on 30 days notice. The price received is generally equal to a posted price set by the major purchasers in the area. Oil is sold on a basis of price and service.

(13) OIL AND GAS ACTIVITIES:

The following summarizes selected information with respect to oil and gas activities (in thousands):

	December 31, 1997	March 31, 1998
		(unaudited)
Oil and gas properties:		
Subject to depletion	$ 674,067	$ 732,302
Not subject to depletion	111,156	112,240
Total	785,223	844,542
Accumulated depletion	(161,416)	(169,129)
Net oil and gas properties	$ 623,807	$ 675,413

	Year Ended December 31, 1997	Three Months Ended March 31, 1998
		(unaudited)
Costs incurred:		
Acquisition	$ 448,822	$ 62,076
Development	56,430	14,946
Exploration	2,375	142
Total costs incurred	$ 507,627	$ 77,164

(14) SUBSEQUENT EVENTS

On May 12, 1998 the Company entered into a definitive agreement to merge with Domain Energy Corporation ("Domain"). Pursuant, to the merger agreement, Domain's shareholders will receive $14.50 worth of Lomak common stock for each Domain share. The final exchange ratio will be based on the market price of Lomak's shares during the 15 trading days prior to the consummation of the merger. The exchange ratio is subject to a maximum and minimum of 1.2083 and 0.8529 Lomak shares, respectively. As a condition to the merger, an affiliate of First Reserve Corporation ("First Reserve") has agreed to sell to Lomak 3,250,000 Domain shares (22% of the total outstanding) for $43,875,000 in cash ($13.50 per share). As required by the merger agreements, First Reserve has voted all of its shares (52% of the total outstanding) in favor of the merger. As a result, no further Domain shareholder approval is necessary. Completion of the transaction is subject to approval by Lomak's shareholders and to customary regulatory approvals. Under the terms of the merger agreement, a newly formed subsidiary of Lomak will merge into Domain, with Domain surviving as a subsidiary of Lomak, which is expected to be renamed "Range Resources Corporation" in connection with the merger.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FACTORS EFFECTING FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY AND CAPITAL RESOURCES

General

Working capital at March 31, 1998 was $1.6 million. The Company at that date had $15.7 million in cash and marketable securities and total assets of $800 million. During the first quarter of 1998, long-term debt rose from $367 million to $415 million.

At March 31, 1998, long-term debt to book capitalization was 56.5%. Approximately $220 million of the long-term debt at that date was comprised of borrowings under the Credit Agreement, $125 million of 8.75% Senior Subordinated Notes, $55 million of 6% Convertible Subordinated Debentures and $15 million of other indebtedness. The Credit Agreement currently provides for quarterly payments of interest with principal due in February 2002.

Common Stock and Notes Offerings

In March 1997, the Company completed the offerings of 4,060,000 shares of Common Stock (the "Common Offering") and $125 million of 8.75% Senior Subordinated Notes due 2007 (the "Notes Offering") (collectively the "Offerings"). The Notes are unconditionally guaranteed on an unsecured, senior subordinated basis, by each of the Company's Restricted Subsidiaries (as defined in the Indenture for the Notes), provided that such guarantees will terminate under certain circumstances. The Indenture for the Notes contains certain covenants, including, but not limited to, covenants with respect to the following matters: (i) limitation on restricted payments; (ii) limitation on the incurrence of indebtedness and issuance of Disqualified Stock (as defined in the Indenture for the Notes); (iii) limitation on liens; (iv) limitation on disposition of proceeds of asset sales; (v) limitation on transactions with affiliates; (vi) limitation on dividends and other payment restrictions affecting restricted subsidiaries; (vii) restrictions on mergers, consolidations and transfers of assets; and (viii) limitation on "layering" indebtedness.

Cash Flow

The Company's principal operating sources of cash include sales of oil and gas and revenues from gas transportation and marketing. The Company's cash flow is highly dependent upon oil and gas prices. Decreases in the market price of oil or gas could result in reductions of both cash flow and the borrowing base under the Credit Agreement which would result in decreased funds available, including funds intended for planned capital expenditures.

The Company has three principal operating sources of cash: (i) sales of oil; (ii) sales of natural gas and (iii) revenues from transportation, processing and marketing. The increases in the Company's cash flow from operations can be attributed to its growth primarily through acquisitions and development.

The Company's net cash used in investing for the three months ended March 31, 1997 and 1998 was $354 million and $61 million, respectively. Investing activities for these periods are comprised primarily of additions to oil and gas properties through acquisitions and development and, to a lesser extent, exploitation and additions of field assets. These uses of cash have historically been partially offset through the Company's policy of divesting those properties that it deems to be marginal or outside of its core areas of operation. The Company's acquisition and development activities have been financed through a combination of operating cash flow, bank borrowings and capital raised through equity and debt offerings.

The Company's net cash provided by financing for the three months ended March 31, 1997 and 1998 was $334 million and $47 million, respectively. Sources of financing used by the Company have been primarily borrowings under its Credit Agreement and capital raised through the Offerings.

Capital Requirements

During the first three months of 1998, $15 million of costs were incurred for development and exploration activities. Although these expenditures are principally discretionary, the Company is currently projecting that it will spend approximately $300 million over the next three years on development, exploitation and exploration activities. The development and exploration expenditures are currently expected to consume a large portion of internally generated cashflow. The remaining funds will be available for debt repayment , acquisitions or other capital expenditures.

Bank Facility

The Bank Facility permits the Company to obtain revolving credit loans and to issue letters of credit for the account of the Company from time to time in an aggregate amount not to exceed $400 million. The borrowing base is currently $325 million and is subject to semi-annual determination and certain other redeterminations based upon a variety of factors, including the discounted present value of estimated future net cash flow from oil and gas production. At March 31, 1998, the Company had $105 million of availability under the Bank Facility. At the Company's option, loans may be prepaid, and revolving credit commitments may be reduced, in whole or in part at any time in certain minimum amounts. At the Company's option, the applicable interest rate per annum is the LIBOR plus a margin ranging from 0.625% to 1.125%. The facility contains other alternative rate options which have never been utilized by the Company. Based on levels of debt outstanding as of March 31, 1998, the margin was 0.875%.

Hedging Activities

Periodically, the Company enters into futures, option and swap contracts to reduce the effects of fluctuations in crude oil and natural gas prices. At March 31, 1998, the Company had open contracts for gas swaps of 3.1 Bcf. The swap contracts are designed to set average prices ranging from $2.20 to $2.57 per Mcf. While these transactions have no carrying value, the Company's mark-to-market exposure under these contracts at March 31, 1998 was a net loss of $380,000. The gains or losses on the Company's hedging transactions is determined as the difference between the contract price and a reference price, generally closing prices on the NYMEX. The resulting transaction gains and losses are determined monthly and are included in the period the hedged production or inventory is sold. Net gains or losses relating to these derivatives for the three months ended March 31, 1997 and 1998 approximated a loss of $417,000 and a gain of $1.2 million, respectively.

INFLATION AND CHANGES IN PRICES

The Company's revenues and the value of its oil and gas properties have been and will be affected by changes in oil and gas prices. The Company's ability to maintain current borrowing capacity and to obtain additional capital on attractive terms is also substantially dependent on oil and gas prices. Oil and gas prices are subject to significant seasonal and other fluctuations that are beyond the Company's ability to control or predict. During the first three months of 1998, the Company received an average of $13.50 per barrel of oil and $2.62 per Mcf of gas. Although certain of the Company's costs and expenses are affected by the level of inflation, inflation did not have a significant effect during the first three months of in 1998. Should conditions in the industry improve, inflationary cost pressures may resume.

RESULTS OF OPERATIONS

Comparison of 1998 to 1997

The Company reported net income for the three months ended March 31, 1998 of $2.8 million, a $3.8 million decrease over the first quarter of 1997. The decrease is the result of (i) lower product prices received on oil and gas production and (ii) increased interest expense in connection with the financing of acquisitions and capital expenditures. During the periods presented, oil and gas production volumes increased 12% to 13.1 Bcfe, an average of 145,124 Mcfe per day. The increased revenues recognized from production volumes were impacted by a 16% decrease in the average price received per Mcfe of production to $2.49. The average oil price decreased 35% to $13.50 per barrel while average gas prices decreased 9% to $2.62 per Mcf. As a result of the Company's larger base of producing properties and production, oil and gas production expenses increased 8% to $8.4 million in 1998 versus $7.8 million in 1997. The average operating cost per Mcfe produced decreased 4% from $0.67 in 1997 to $0.64 in 1998.

Although production volumes increased between quarters, the Company's transportation, processing and marketing revenues increased only marginally due to lower amounts of gas being processed during 1998. In addition, early in the first quarter of 1998, the Company sold its San Juan Basin properties. In connection with this sale, certain of the Company's gas processing assets were sold. Transportation, processing and marketing expenses increased 22% to $1.1 million versus $0.9 million in 1997. The increase in expenses was due to production growth, as well as increased transportation, processing and marketing costs and higher personnel administrative expenses associated with the growth in gas marketing activities.

Exploration expense decreased 59% to $0.4 million due to the timing of exploration activities.

General and administrative expenses increased 70% from $1.1 million in 1997 to $1.8 million in 1998. As a percentage of revenues, general and administrative expenses were 5% in 1998 as compared to 3% in 1997. This increase is principally attributable to technical personnel added to manage the Company's expanding exploration efforts.

Interest and other income increased from $0.6 million in 1997 to $1.7 million in 1998 primarily due to gains from the sale of non-strategic assets. In 1998 interest expense increased 121% to $8.7 million as compared to $4.0 million in 1997. This was primarily as a result of the higher average outstanding debt balance during the year due to the financing of acquisitions and capital expenditures and a higher average cost of borrowings during the period. The average outstanding balances on the Credit Agreement were $154 million and $181 million the first quarter of 1997 and 1998, respectively. The weighted average interest rate on these borrowings were 6.8% and 6.6% for the three months ended March 31, 1997 and 1998, respectively.

Depletion, depreciation and amortization decreased 4% compared to 1997 due to lower depletion rates in the 1998 period. The depletion rates are lower in 1998 as a result of the Company's provision for impairment recorded in the fourth quarter of 1997. The Company-wide depletion rate was $0.99 per Mcfe in the first quarter of 1997 and $0.83 per Mcfe in the first quarter of 1998.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various other legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position.

In July 1997, a gas utility filed an action in the state district court in Tarrant County, Texas. In the lawsuit, the gas utility asserted a breach of contract claim arising out of a gas purchase contract, in which it is buyer and the Company is seller. Under the gas utility's interpretation of the contract it is seeking, as damages, the reimbursement of the difference between the above-market contract price it paid and market price on a portion of the gas it has taken beginning in July 1997. As of January 1998, the utility, alleged that it was entitled to receive approximately $2 million plus attorneys' fees, and that this amount will increase by the time the proceedings are completed. Based on its interpretation of the contract, the Company counterclaimed seeking damages for breach of contract and for repudiation of the contract. In April 1998, the court gave notice of its intention to grant a partial summary judgement on the liability issue in favor of the gas utility's interpretation of the contract. The case is currently scheduled for trial on June 1, 1998 to determine the amount of damages, if any. The Company intends to defend the damage claim and appeal the entire decision if the court enters its final judgement in favor of the utility. Accordingly, no damage amounts have been included in the Company's financial statements.

Items 2 - 5. Not applicable

Item 6. Exhibits and Report on Form 8-K

(a) Exhibits

2.1	Agreement and Plan of Merger by and among Lomak Petroleum, Inc., DEC Acquisition, Inc. and Domain Energy Corporation dated May 12, 1998.
2.2	First Amendment to Agreement and Plan of Merger by and among Lomak Petroleum, Inc., DEC Acquisition, Inc. and Domain Energy Corporation dated May 12, 1998
2.3	Stock Purchase Agreement between Lomak Petroleum, Inc. and First Reserve Fund VII, Limited Partnership dated May 12, 1998.
2.4	Voting and Standstill Agreement between Lomak Petroleum, Inc., and First Reserve Fund VII, Limited Partnership dated May 12, 1998.
27	Financial data schedule

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.

LOMAK PETROLEUM, INC.

By: (Thomas W. Stoelk)

Thomas W. Stoelk
Senior Vice President - Finance
and Administration
and Chief Financial Officer

May 15, 1998

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Sequentially Numbered Page
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Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

LOMAK PETROLEUM, INC.,

DEC ACQUISITION, INC.

AND

DOMAIN ENERGY CORPORATION

Dated May 12, 1998

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement") dated May 12, 1998, by and among Lomak Petroleum, Inc., a Delaware corporation ("Lomak"), DEC Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Lomak ("Merger Sub"), and Domain Energy Corporation, a Delaware corporation (the "Company").

WHEREAS, the respective Boards of Directors of Lomak, Merger Sub and the Company deem it advisable and in the best interests of their respective stockholders that Merger Sub merge (the "Merger") with and into the Company upon the terms and subject to the conditions set forth herein, and such Boards of Directors have approved the Merger; and

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. Upon the terms and subject to the conditions hereof, at the Effective Time (as defined in Section 1.2 hereof), Merger Sub shall be merged with and into the Company in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL") and the separate corporate existence of Merger Sub shall thereupon cease, and the Company shall be the surviving corporation in the Merger (sometimes referred to herein as the "Surviving Corporation"). The Merger shall have the effects set forth in Section 259 of the DGCL, including without limitation, the Surviving Corporation's succession to and assumption of all rights and obligations of the Company.

Section 1.2 Effective Time of the Merger. The Merger shall become effective (the "Effective Time") when a properly executed Certificate of Merger is duly filed with the Secretary of State of the State of Delaware, which filing shall be made as soon as practicable after the satisfaction or waiver of the conditions set forth in Article VIII hereof.

Section 1.3 Tax Treatment. The parties acknowledge that the transactions contemplated by this Agreement, taken together with the transactions contemplated by the Stock Purchase Agreement (as defined below), are not intended to be treated as a tax-free reorganization within the meaning of the Internal Revenue Code of 1986, as amended (the "Code").

ARTICLE II
THE SURVIVING CORPORATION

Section 2.1 Certificate of Incorporation. The Certificate of Incorporation of the Company as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Corporation at and after the Effective Time.

Section 2.2 Bylaws. The Bylaws of the Company as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation at and after the Effective Time, and thereafter may be amended in accordance with their terms and as provided by the Certificate of Incorporation of the Surviving Corporation and the DGCL.

Section 2.3 Directors and Officers. At and after the Effective Time, (a) the Board of Directors of Merger Sub immediately prior to the Effective Time shall be the Board of Directors of the Surviving Corporation and (b) the officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation, in the case of both clause (a) and (b) until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and Bylaws and the DGCL.

ARTICLE III

CONVERSION OF SHARES

Section 3.1 Conversion of Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of the holders of the Company's common stock, par value $.01 per share (the "Company Common Stock"):

(a) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock, if any, held by Lomak, Merger Sub or any Subsidiary of Lomak) shall be converted into a number of shares of common stock, par value $.01 per share, of Lomak ("Lomak Common Stock") equal to the Exchange Ratio. The Exchange Ratio shall be equal to the quotient of (i) $14.50 divided by (ii) the Closing Date Market Price (rounded to four decimal places); provided, however, that in no event shall the Exchange Ratio be greater than 1.2083 nor less than 0.8529. The term "Closing Date Market Price" shall mean the average of the closing sales price of Lomak Common Stock, rounded to four decimal places, as reported under "NYSE Composite Transaction Reports" in The Wall Street Journal during the period of the 15 most recent Trading Days ending on the third Business Day prior to the Closing Date. For purposes of this Agreement, (1) "Trading Day" shall mean a day on which the New York Stock Exchange (the "NYSE") is open for trading and (2) "Business Day" shall mean a day on which the principal offices of the Securities and Exchange Commission ("SEC") in Washington, D.C. are open to accept filings, or in the case of determining a date on which any payment is due, a day other than Saturday, Sunday or any day on which banks located in New York City are authorized or obligated by law to close. All such Company Common Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and the holder of a certificate ("Common Stock Certificate") that, immediately prior to the Effective Time, represented outstanding shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive, upon the surrender of such Common Stock Certificate, the number of shares of Lomak Common Stock determined pursuant to this Section 3.1(a) (the "Merger Consideration") and, if applicable, the right to receive cash pursuant to Section 3.6 of this Agreement. Until surrendered as contemplated by this Section 3.1, each Common Stock Certificate

shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration as contemplated by this Section 3.1. Notwithstanding the foregoing, if between the date of this Agreement and the Effective Time the outstanding shares of Lomak Common Stock or Company Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Exchange Ratio shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares.

(b) Each share of common stock, par value $.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and exchanged for one share of common stock of the Surviving Corporation.

(c) Each share of Lomak Common Stock, issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of Lomak Common Stock, and shall not be affected by the Merger.

(d) Each share of Company Common Stock, if any, held by Lomak, Merger Sub or any other Subsidiary of Lomak and each share of Company Common Stock held by the Company or any Subsidiary of the Company as treasury stock immediately prior to the Effective Time shall cease to be outstanding, shall be canceled and retired without payment of any consideration therefor, and shall cease to exist.

(e) All Lomak Common Stock issued upon the surrender of Common Stock Certificates in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such Common Stock Certificates and the Company Common Stock formerly represented thereby.

Section 3.2 Surrender and Payment.

(a) Prior to the Effective Time, Lomak shall appoint an agent reasonably acceptable to the Company (the "Exchange Agent") for the purpose of exchanging Common Stock Certificates formerly representing Company Common Stock. At or prior to the Effective Time, Lomak shall deposit with the Exchange Agent for the benefit of the holders of Company Common Stock (other than Lomak, Merger Sub, any other Subsidiary of Lomak, the Company or any Subsidiary of the Company), for exchange in accordance with this Section 3.2 through the Exchange Agent, (i) as of the Effective Time, certificates representing the Merger Consideration to be issued pursuant to Section 3.1(a) and (ii) from time to time as necessary, cash to be paid in lieu of fractional shares pursuant to Section 3.4 (such certificates for the Merger Consideration and such cash being hereinafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions, deliver the Merger Consideration and any cash in exchange for surrendered Common Stock Certificates formerly representing Company Common Stock pursuant to Section 3.1 out of the Exchange Fund. Except as contemplated by Section 3.2(f), the Exchange Fund shall not be used for any other purpose.

(b) Promptly after the Effective Time, but in any event not later than five Business Days thereafter, Lomak will send, or will cause the Exchange Agent to send, to each holder of a Common Stock Certificate or Certificates that immediately prior to the Effective Time represented outstanding Company Common Stock (other than Lomak, Merger Sub, any other Subsidiary of Lomak or the Company or any Subsidiary of the Company) a letter of transmittal and instructions for use in effecting the exchange of such Common Stock Certificates for certificates representing the Merger Consideration and, if applicable, cash in lieu of a fractional share. Provision also shall be made for holders of Common Stock Certificates to procure in person immediately after the Effective Time a letter of transmittal and instructions and to deliver in person immediately after the Effective Time such letter of transmittal and Common Stock Certificates in exchange for the Merger Consideration and, if applicable, cash.

(c) After the Effective Time, Common Stock Certificates shall represent the right, upon surrender thereof to the Exchange Agent, together with a duly executed and properly completed letter of transmittal relating thereto, to receive in exchange therefor that number of whole shares of Lomak Common Stock, and, if applicable, cash that such holder has the right to receive pursuant to Sections 3.1 and 3.4 after giving effect to any required tax withholding, and the Common Stock Certificate or Certificates so surrendered shall be canceled. No interest will be paid or will accrue on any cash amount payable upon the surrender of any such Common Stock Certificates. Until so surrendered, each such Common Stock Certificate shall, after the Effective Time, represent for all purposes only the right to receive, upon such surrender, the Merger Consolidation and, if applicable, cash as contemplated by this Article III.

(d) If any shares of Lomak Common Stock are to be issued and/or cash to be paid to a Person other than the registered holder of the Common Stock Certificate or Certificates surrendered in exchange therefor, it shall be a condition to such issuance that the Common Stock Certificate or Certificates so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the Person requesting such issuance shall pay to the Exchange Agent any transfer or other taxes required as a result of such issuance to a Person other than the registered holder or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. For purposes of this Agreement, "Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a governmental or political subdivision or any agency or instrumentality thereof.

(e) After the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of Company Common Stock outstanding prior to the Effective Time. If, at or after the Effective Time, Common Stock Certificates are presented to the Surviving Corporation, they shall be canceled and exchanged as provided for, and in accordance with the procedures set forth, in this Article III.

(f) Any Merger Consideration and any cash in the Exchange Fund that remain unclaimed by the holders of Company Common Stock six months after the Effective Time shall be returned to Lomak, upon demand of Lomak, and any such holder who has not exchanged such holder's Common Stock Certificates in accordance with this Section 3.2 prior to that time shall thereafter look only to Lomak, as general creditors thereof, to exchange such Common Stock Certificates or to pay amounts to which they are entitled pursuant to Section 3.1 or 3.4. If

outstanding Common Stock Certificates are not surrendered prior to two years after the Effective Time (or, in any particular case, prior to such earlier date on which any Merger Consideration issuable in respect of such Common Stock Certificates or the dividends and other distributions, if any, described below would otherwise escheat to or become the property of any governmental unit or agency), the Merger Consideration issuable in respect of such Common Stock Certificates, and the amount of dividends and other distributions, if any, which have become payable and which thereafter become payable on the Merger Consideration evidenced by such Common Stock Certificates as provided herein shall, to the extent permitted by applicable law, become the property of Lomak, free and clear of all claims or interest of any Person previously entitled thereto. Notwithstanding the foregoing, none of Lomak, the Company or the Surviving Corporation shall be liable to any holder of Common Stock Certificates for any amount paid, or Merger Consideration, cash or dividends delivered, to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) No dividends or other distributions declared or made after the Effective Time shall be paid to the holder of any unsurrendered Common Stock Certificates with respect to the Merger Consideration represented thereby until such Common Stock Certificates are surrendered as provided in this Section 3.2. Subject to the effect of applicable laws (including, without limitation, escheat and abandoned property laws), following surrender of any such Common Stock Certificate, there shall be paid, without interest, to the Person in whose name the certificates representing the Merger Consideration issued in exchange therefor are registered, (i) promptly all dividends and other distributions paid in respect of such Merger Consideration with a record date on or after the Effective Time and theretofore paid, and (ii) at the appropriate date, all dividends or other distributions in respect of such Merger Consideration with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender.

(h) If any Common Stock Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Common Stock Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as Lomak may direct as indemnity against any claim that may be made against it with respect to such Common Stock Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Common Stock Certificate the Merger Consideration and, if applicable, cash and unpaid dividends and other distributions on any Merger Consideration deliverable in respect thereof pursuant to this Agreement.

Section 3.3 Company Stock Options.

(a) At the Effective Time, automatically and without any action on the part of the holder thereof, each outstanding stock option of the Company outstanding at the Effective Time (the "Company Stock Options") under the Second Amended and Restated 1996 Stock Purchase and Option Plan for Domain Energy Corporation and its affiliates, as defined in Rule 12b-2 of the Exchange Act ("Affiliates") (as proposed to be adopted by the stockholders of the Company at their 1998 Annual Meeting (the "Company Employee Plan") and the Domain Energy Corporation 1997 Stock Option Plan for Nonemployee Directors (the "Company Director Plan") shall be assumed by Lomak and become an option to purchase that number of shares of Lomak Common Stock obtained by multiplying the number of shares of Company Common Stock issuable upon the exercise of such

option by the Exchange Ratio at an exercise price per share equal to the per share exercise price of such option divided by the Exchange Ratio and otherwise upon the same terms and conditions as such outstanding options to purchase Company Common Stock; provided, however, that in the case of any option to which Section 421 of the Code applies by reason of the qualifications under Section 422 or 423 of such Code, the exercise price, the number of shares purchasable pursuant to such option and the terms and conditions of exercise of such option shall comply with Section 424(a) of the Code.

(b) At the Effective Time, automatically and without any action by any Person, (i) each outstanding Company Stock Option that constitutes a "Time Option" (as defined in the Company Employee Plan) then held by an employee of the Company or any of its Subsidiaries and (ii) each outstanding Company Stock Option issued under the Company Director Plan shall become immediately exercisable. Further, at the Effective Time and giving effect to consummation of the Merger, automatically and without any action by any Person, Lomak acknowledges and agrees that the Investment Return Hurdle (as defined in certain of the Amended and Restated Non-Qualified Stock Option Agreements granted and executed pursuant to the Company Employee Plan) will be satisfied. Prior to the Effective Time, the Company may amend all Amended and Restated NonQualified Stock Option Agreements granted and executed pursuant to the Company Employee Plan to provide that after the date hereof, if an optionee's employment is terminated as a result of death or disability, or if the Company or Lomak (as successor to the Company's obligations under such agreements, as contemplated elsewhere herein) terminates the optionee's employment without Cause (as defined in such agreements), or if the optionee terminates his or her employment for Good Reason (as defined in such agreements), all "Performance Options" granted thereunder, if not then exercisable, shall, upon such termination of employment, automatically and without any action by any Person, become immediately exercisable. Prior to the Effective Time, the Company may also amend the Company Director Plan or take such other action in each case to the extent necessary so that all stock options granted pursuant thereto shall become fully exercisable.

(c) Lomak shall take all corporate actions necessary to reserve for issuance a sufficient number of shares of Lomak Common Stock for delivery upon exercise of Company Stock Options assumed by Lomak pursuant to Section 3.3(a) above.

(d) As promptly as practicable after the Effective Time, Lomak shall file a Registration Statement on Form S-8 (or any successor or other appropriate forms) with respect to the shares of Lomak Common Stock subject to Company Stock Options and shall use all reasonable efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such options remain outstanding.

(e) Except as provided herein or as otherwise agreed to by the parties, each of the Company Employee Plan and the Company Director Plan and related stock option grant agreements providing for the issuance or grant of options in respect to the stock of the Company shall be assumed as of the Effective Time by Lomak with such amendments thereto as are permitted hereunder or as otherwise may be required (i) to give effect to the provisions of this Agreement and (ii) to reflect the Merger.

(f) In connection with the submission of the Proxy Statement/Prospectus to its stockholders, Lomak shall seek such stockholder approval as may be necessary so that grants of options and issuances of securities pursuant to the exercise of such options under the Company stock option plans assumed by it hereunder, as amended, and all other Company stock option plans as in effect on the date hereof shall qualify for the exemption for such issuances provided by Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Section 3.4 No Fractional Shares. No fractional shares of Lomak Common Stock shall be issued in the Merger and fractional share interests shall not entitle the owner thereof to vote or to any rights of a stockholder of Lomak. All holders of fractional shares of Lomak Common Stock shall be entitled to receive, in lieu thereof, an amount in cash determined by multiplying the fraction of a share of Lomak Common Stock to which such holder would otherwise have been entitled by the Closing Date Market Price of Lomak Common Stock on the NYSE.

Section 3.5 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Vinson & Elkins L.L.P., 2300 First City Tower, Houston, Texas, or at such other location as shall be mutually acceptable to Lomak and the Company, at 10:00 a.m., local time, on the first day (the "Closing Date") on which all of the conditions set forth in Article VIII hereof are satisfied or waived, or at such other date and time as Lomak and the Company shall agree in writing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Lomak and Merger Sub as follows:

Section 4.1 Organization and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business as a foreign corporation and is in good standing in the jurisdictions set forth in Section 4.1(a) of the disclosure letter delivered to Lomak and Merger Sub contemporaneously with the execution hereof (the "Company Disclosure Schedule"), which include each jurisdiction in which the character of the Company's properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not result in a Company Material Adverse Effect (as defined below). The Company has all requisite corporate power and authority to own, use or lease its properties and to carry on its business as it is now being conducted and as it is now proposed to be conducted. The Company has made available to Lomak and Merger Sub a complete and correct copy of its certificate of incorporation and bylaws, each as amended to date, and the Company's certificate of incorporation and bylaws as so delivered are in full force and effect. The Company is not in default in any respect in the performance, observation or fulfillment of any provision of its certificate of incorporation or bylaws.

(b) Section 4.1(b) of the Company Disclosure Schedule lists the name and jurisdiction of organization of each Subsidiary of the Company and the jurisdictions in which each

such Subsidiary (as defined below) is qualified or holds licenses to do business as a foreign corporation or other organization as of the date hereof. Each of the Company's Subsidiaries is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, is duly qualified to do business as a foreign corporation or other legal entity and is in good standing in the jurisdictions listed in Section 4.1(b) of the Company Disclosure Schedule, which includes each jurisdiction in which the character of such Subsidiary's properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not result in a Company Material Adverse Effect. Each of the Company's Subsidiaries has the requisite corporate or other power and authority to own, use or lease its properties and to carry on its business as it is now being conducted and as it is now proposed to be conducted. The Company has made available to Lomak and Merger Sub a complete and correct copy of the certificate of incorporation and bylaws (or similar organizational documents) of each of the Company's Subsidiaries, each as amended to date, and the certificate of incorporation and bylaws (or similar organizational documents) as so delivered are in full force and effect. No Subsidiary of the Company is in default in any respect in the performance, observation or fulfillment of any provision of its certificate of incorporation or bylaws (or similar organizational documents). Other than the Company's Subsidiaries, the Company does not own (beneficially or otherwise) or control, directly or indirectly, 5% or more of any class of equity or similar securities of any corporation or other organization, whether incorporated or unincorporated.

(c) For purposes of this Agreement, (i) a "Company Material Adverse Effect" shall mean any event, circumstance, condition, development or occurrence (x) causing, resulting in or having (or with the passage of time likely to cause, result in or have) a material adverse effect on the financial condition, business, assets, properties, prospects or results of operations of the Company and its Subsidiaries, taken as a whole, or (y) preventing or delaying in any material respect the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement by the Company or any of its Subsidiaries; provided, that such term shall not include effects that result from market conditions generally in the oil and gas industry; and (ii) "Subsidiary" shall mean, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (x) at least a majority of the securities or other interests having by their terms voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly beneficially owned or controlled by such party or by any one or more of its subsidiaries, or by such party and one or more of its subsidiaries, or (y) such party or any Subsidiary of such party is a general partner of a partnership or a manager of a limited liability company.

Section 4.2 Capitalization.

(a) The authorized capital stock of the Company consists of 25,000,000 shares of Company Common Stock. As of the date of this Agreement, (i) 15,107,719 shares of Company Common Stock were issued and outstanding and (ii) stock options to acquire 962,527 shares of Company Common Stock were outstanding under all stock option plans and agreements of the Company. All of the outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable, and free of preemptive rights. Section 4.2(a) of the Company Disclosure Schedule sets forth each optionee under the Company Stock Options and the numbers of shares of Company Common Stock issuable upon exercise of such Company Stock Options. Except as set

forth in Section 4.2(a) of the Company Disclosure Schedule, there are no outstanding subscriptions, options, rights, warrants, convertible securities, stock appreciation rights, phantom equity, or other agreements or commitments obligating the Company to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock of any class.

(b) Except as set forth in Section 4.2(b) of the Company Disclosure Schedule and except as expressly contemplated by this Agreement, the Company is, directly or indirectly, the record and beneficial owner of all of the outstanding shares of capital stock of each Company Subsidiary, there are no irrevocable proxies with respect to any such shares, and no equity securities of any Company Subsidiary are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable or exercisable for, shares of any capital stock of any Company Subsidiary, and there are no contracts, commitments, understandings or arrangements by which the Company or any Company Subsidiary is or may be bound to issue additional shares of capital stock of any Company Subsidiary or securities convertible into or exchangeable or exercisable for any such shares. All of such shares so owned by the Company are validly issued, fully paid and nonassessable and, except as set forth in Section 4.2(b) of the Company Disclosure Schedule, are owned by it free and clear of all Liens.

Section 4.3 Authority. The Company has full corporate power and authority to execute and deliver this Agreement and the other agreements contemplated hereby (the "Ancillary Agreements") to which the Company is or will be a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements to which the Company is or will be a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the Company's Board of Directors, and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement and the Ancillary Agreements to which the Company is or will be a party or to consummate the transactions contemplated hereby or thereby, other than the approval of this Agreement and the Merger by its stockholders as contemplated by Section 7.13 hereof. This Agreement has been, and the Ancillary Agreements to which the Company is or will be a party are, or upon execution will be, duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof and thereof by the other parties hereto and thereto, constitute, or upon execution will constitute, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such enforceability may be subject to the effects of bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors and of general principles of equity (the "Enforceability Exception"). The Company has taken all actions necessary to satisfy or render inapplicable the restrictions on business combinations contained in Section 203 of the DGCL with respect to the transactions contemplated hereby, including the Merger, as well as the execution and delivery by Lomak and First Reserve Fund VII, Limited Partnership, a Delaware limited partnership (the "Principal Stockholder"), of each of that certain Stock Purchase Agreement dated of even date herewith (the "Stock Purchase Agreement") and that certain Voting and Standstill Agreement dated of even date herewith (the "Voting Agreement"), as well as the consummation of the transactions contemplated by each such agreement. No other state takeover statute or similar statute or regulation of the State of Delaware (and, to the knowledge of the Company, of any other domestic state or jurisdiction) applies or purports to apply to the Company or any of its Subsidiaries, or to this

Agreement, the Merger, the Stock Purchase Agreement, the Voting Agreement or any of the other transactions contemplated hereby or thereby.

Section 4.4 Consents and Approvals; No Violation. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the performance by the Company of its obligations hereunder will not:

(a) subject to the obtaining of any requisite approvals of the Company's stockholders as contemplated by Section 7.13 hereof, conflict with any provision of the Company's certificate of incorporation or bylaws or the certificates of incorporation or bylaws (or other similar organizational documents) of any of its Subsidiaries;

(b) require on the part of the Company or any of its Subsidiaries or Affiliates any consent, waiver, approval, order, authorization or permit of, or registration, filing with or notification to, (i) any governmental or regulatory authority or agency (a "Governmental Authority"), except for applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act, state laws relating to takeovers, if applicable, state securities or blue sky laws and Customary Post-Closing Consents (as defined below), (ii) filings by the Principal Stockholder under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") or (iii) except as set forth in Section 4.4(b) of the Company Disclosure Schedule, any third party other than a Governmental Authority, other than such non-Governmental Authority third party consents, waivers, approvals, orders, authorizations and permits that would not (A) result in a Company Material Adverse Effect or (B) materially impair the ability of the Company or any of its Subsidiaries, as the case may be, to perform its obligations under this Agreement or any Ancillary Agreement;

(c) except as set forth in Section 4.4(c) of the Company Disclosure Schedule, result in any violation of or the breach of or constitute a default (with notice or lapse of time or both) under, or give rise to any right of termination, cancellation or acceleration or guaranteed payments or a loss of a material benefit under, any of the terms, conditions or provisions of any note, lease, mortgage, indenture, license, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective properties or assets may be bound, except for such violations, breaches, defaults, or rights of termination, cancellation or acceleration, or losses as to which requisite waivers or consents have been obtained or which, individually or in the aggregate, would not (i) result in a Company Material Adverse Effect or (ii) materially impair the ability of the Company or any of its Subsidiaries to perform its obligations under this Agreement or any Ancillary Agreement;

(d) violate the provisions of any order, writ, injunction, judgment, decree, statute, rule or regulation applicable to the Company or any Subsidiary of the Company;

(e) result in the creation of any Lien upon any shares of capital stock, properties or assets of the Company or any of its Subsidiaries under any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries or any of their respective properties or assets may be bound; or

(f) result in any holder of any securities of the Company being entitled to appraisal, dissenters' or similar rights.

Section 4.5 Company SEC Reports. The Company has filed with the SEC, and has heretofore made available to Lomak and Merger Sub true and complete copies of, each form, registration statement, report, schedule, proxy or information statement and other document (including exhibits and amendments thereto), including without limitation its Annual Reports to Stockholders incorporated by reference in certain of such reports, required to be filed with the SEC since December 31, 1996 under the Securities Act or the Exchange Act (collectively, the "Company SEC Reports"). As of the respective dates such Company SEC Reports were filed or, if any such Company SEC Reports were amended, as of the date such amendment was filed, each of the Company SEC Reports, including without limitation any financial statements or schedules included therein, (a) complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder, and (b) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 4.6 Financial Statements. Each of the audited consolidated financial statements and unaudited consolidated interim financial statements of the Company (including any related notes and schedules) included (or incorporated by reference) in its Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (collectively, the "Company Financial Statements") have been prepared from, and are in accordance with, the books and records of the Company and its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis (except as may be indicated in the notes thereto and subject, in the case of quarterly financial statements, to normal and recurring year-end adjustments that are not material individually or in the aggregate) and fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Company and its Subsidiaries as of the date thereof and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its Subsidiaries for the periods presented therein (subject to normal year-end adjustments that are not material individually or in the aggregate and the absence of financial footnotes in the case of any unaudited interim financial statements).

Section 4.7 Absence of Undisclosed Liabilities. Except (a) as specifically disclosed in the Company SEC Reports and (b) for liabilities and obligations incurred in the ordinary course of business and consistent with past practice since December 31, 1997, neither the Company nor any of its Subsidiaries has incurred any liabilities or obligations of any nature (contingent or otherwise) that would have a Company Material Adverse Effect or would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its Subsidiaries or the notes thereto which is not so reflected.

Section 4.8 Absence of Certain Changes. Except as disclosed in the Company SEC Reports or as expressly contemplated by this Agreement, since December 31, 1997 (a) the Company

and its Subsidiaries have conducted their business in all material respects in the ordinary course consistent with past practices, (b) there has not been any change or development, or combination of any of the foregoing that, individually or in the aggregate, would have a Company Material Adverse Effect, (c) there has not been any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company, or any repurchase, redemption or other acquisition by the Company or any of its Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its Subsidiaries, (d) there has not been any amendment of any term of any outstanding security of the Company or any of its Subsidiaries, and (e) there has not been any change in any method of accounting or accounting practice by the Company or any of its Subsidiaries, except for any such change required by reason of a concurrent change in GAAP or to conform a Subsidiary's accounting policies and practices to those of the Company.

Section 4.9 Taxes. Except as otherwise disclosed in Section 4.9 of the Company Disclosure Schedule (and for matters that would have no adverse effect on the Company):

(a) The Company and each of its Subsidiaries have timely filed (or have had timely filed on their behalf) or will file or cause to be timely filed, all material Tax Returns (as defined below) required by applicable law to be filed by any of them prior to or as of the Closing Date. All such Tax Returns and amendments thereto are or will be true, complete and correct in all material respects.

(b) The Company and each of its Subsidiaries have paid (or have had paid on their behalf), or where payment is not yet due, have established (or have had established on their behalf and for their sole benefit and recourse), or will establish or cause to be established on or before the Closing Date, an adequate accrual for the payment of all material Taxes due with respect to any period ending prior to or as of the Closing Date.

(c) No Audit by a Tax Authority is pending or threatened with respect to any Tax Returns filed by, or Taxes due from, the Company or any Subsidiary of the Company. No issue has been raised by any Tax Authority in any Audit of the Company or any of its Subsidiaries that if raised with respect to any other period not so audited could be expected to result in a material proposed deficiency for any period not so audited. No material deficiency or adjustment for any Taxes has been threatened, proposed, asserted or assessed against the Company or any of its Subsidiaries. There are no liens for Taxes upon the assets of the Company or any of its Subsidiaries, except liens for current Taxes not yet delinquent.

(d) Neither the Company nor any of its Subsidiaries has given or been requested to give any waiver of statutes of limitations relating to the payment of Taxes or has executed powers of attorney with respect to Tax matters that will be outstanding as of the Closing Date.

(e) Prior to the date hereof, the Company and its Subsidiaries have disclosed, and provided or made available true and complete copies to Lomak of, all material Tax sharing, Tax indemnity, or similar agreements to which the Company or any of its Subsidiaries is a party to, is bound by, or has any obligation or liability for Taxes.

(f) As used in this Agreement, (i) "Audit" shall mean any audit, assessment of Taxes, other examination by any Tax Authority, proceeding or appeal of such proceeding relating to Taxes; (ii) "Taxes" shall mean all Federal, state, local and foreign taxes, and other assessments of a similar nature (whether imposed directly or through withholding), including any interest, additions to tax, or penalties applicable thereto; (iii) "Tax Authority" shall mean the Internal Revenue Service and any other domestic or foreign Governmental Authority responsible for the administration of any Taxes; and (iv) "Tax Returns" shall mean all Federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax Return relating to Taxes.

Section 4.10 Litigation. Except as disclosed in the Company SEC Reports or Section 4.10 of the Company Disclosure Schedule, there is no suit, claim, action, proceeding or investigation pending or, to the Company's knowledge, threatened against or directly affecting the Company, any Subsidiary of the Company or any of the directors or officers of the Company or any of its Subsidiaries in their capacity as such, nor is there any reasonable basis therefor that could reasonably be expected to have a Company Material Adverse Effect, if adversely determined. Neither the Company nor any of its Subsidiaries, nor any officer, director or employee of the Company or any of its Subsidiaries, has been permanently or temporarily enjoined by any order, judgment or decree of any court or any other Governmental Authority from engaging in or continuing any conduct or practice in connection with the business, assets or properties of the Company or such Subsidiary nor, to the knowledge of the Company, is the Company, any Subsidiary of the Company or any officer, director or employee of the Company or its Subsidiaries under investigation by any Governmental Authority. Except as disclosed in the Company SEC Reports or Section 4.10 of the Company Disclosure Schedule, there is not in existence any order, judgment or decree of any court or other tribunal or other agency enjoining or requiring the Company or any of its Subsidiaries to take any action of any kind with respect to its business, assets or properties. Notwithstanding the foregoing, no representation or warranty in this Section 4.10 is made with respect to Environmental Laws, which are covered exclusively by the provisions set forth in Section 4.12.

Section 4.11 Employee Benefit Plans; ERISA.

(a) Section 4.11(a) of the Company Disclosure Schedule contains a true and complete list of the employee benefit plans or arrangements of any type (including but not limited to plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), sponsored, maintained or contributed to by the Company or any trade or business, whether or not incorporated, which together with the Company would be deemed a "single employer" within the meaning of Section 414(b), (c) or (m) of the Code or section 4001(b)(1) of ERISA (a "Company ERISA Affiliate") within six years prior to the Effective Time, which provide benefits to the Company's employees ("Company Benefit Plans").

(b) With respect to each Company Benefit Plan: (i) if intended to qualify under Section 401(a) or 401(k) of the Code, such plan satisfies the requirements of such sections, has received a favorable determination letter from the Internal Revenue Service with respect to its qualification, and its related trust has been determined to be exempt from tax under Section 501(a) of the Code and, to the knowledge of the Company, nothing has occurred since the date of such letter to adversely affect such qualification or exemption; (ii) each such plan has been administered in

substantial compliance with its terms and applicable law; (iii) neither the Company nor any Company ERISA Affiliate has engaged in, and the Company and each Company ERISA Affiliate does not have any knowledge of any Person that has engaged in, any transaction or acted or failed to act in any manner that would subject the Company or any Company ERISA Affiliate to any liability for a breach of fiduciary duty under ERISA that could reasonably be expected to result in a Company Material Adverse Effect; (iv) no disputes are pending or, to the knowledge of the Company or any Company ERISA Affiliate, threatened; (v) neither the Company nor any Company ERISA Affiliate has engaged in, and the Company and each Company ERISA Affiliate do not have any knowledge of any Person that has engaged in, any transaction in violation of section 406(a) or (b) of ERISA for which no exemption exists under Section 4975(c)(1) of the Code or Section 4975(d) of the Code that could reasonably be expected to result in a Company Material Adverse Effect; (vi) there have been no "reportable events" within the meaning of section 4043 of ERISA for which the 30 day notice requirement of ERISA has not been waived by the Pension Benefit Guaranty Corporation (the "PBGC"); (vii) all contributions due have been made on a timely basis (within, where applicable, the time limit established under section 302 of ERISA or Code Section 412); (viii) no notice of intent to terminate such plan has been given under section 4041 of ERISA and no proceeding has been instituted under section 4042 of ERISA to terminate such plan; and (ix) except for defined benefit plans, such plan may be terminated on a prospective basis without any continuing liability for benefits other than benefits accrued to the date of such termination. All contributions made or required to be made under any Company Benefit Plan meet the requirements for deductibility under the Code, and all contributions which are required and which have not been made have been properly recorded on the books of the Company or a Company ERISA Affiliate.

(c) No Company Benefit Plan is a "multiemployer plan" (as defined in section 4001(a)(3) of ERISA) or a "multiple employer plan" (within the meaning of Section 413(c) of the Code). No event has occurred with respect to the Company or a Company ERISA Affiliate in connection with which the Company could be subject to any liability, lien or encumbrance with respect to any Company Benefit Plan or any employee benefit plan described in section 3(3) of ERISA maintained, sponsored or contributed to by a Company ERISA Affiliate under ERISA or the Code.

(d) Except as set forth in Section 4.11(d) of the Company Disclosure Schedule, no employees of the Company or any of its Subsidiaries are covered by any severance plan or similar arrangement.

Section 4.12 Environmental Liability. Except as set forth in Section 4.12 of the Company Disclosure Schedule:

(a) The businesses of the Company and its Subsidiaries have been and are operated in material compliance with all federal, state and local environmental protection, health and safety or similar laws, statutes, ordinances, restrictions, licenses, rules, regulations, permit conditions and legal requirements, including without limitation the Federal Clean Water Act, Safe Drinking Water Act, Resource Conservation & Recovery Act, Clean Air Act, Comprehensive Environmental Response, Compensation and Liability Act, and Emergency Planning and Community Right to Know, each as amended and currently in effect (together, "Environmental Laws").

(b) Neither the Company nor any of its Subsidiaries has caused or allowed the generation, treatment, manufacture, processing, distribution, use, storage, discharge, release, disposal, transport or handling of any chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum, petroleum products or any substance regulated under any Environmental Law ("Hazardous Substances") at any of its properties or facilities, except in material compliance with all Environmental Laws, and, to the Company's knowledge, no generation, manufacture, processing, distribution, use, treatment, handling, storage, discharge, release, disposal, transport or handling of any Hazardous Substances has occurred at any property or facility owned, leased or operated by the Company or any of its Subsidiaries except in material compliance with all Environmental Laws.

(c) Neither the Company nor any of its Subsidiaries has received any written notice from any Governmental Authority or, to the knowledge of the Company, any other communication alleging or concerning any material violation by the Company or any of its Subsidiaries of, or responsibility or liability of the Company or any of its Subsidiaries under, any Environmental Law. There are no pending, or to the knowledge of the Company, threatened, claims, suits, actions, proceedings or investigations with respect to the businesses or operations of the Company or any of its Subsidiaries alleging or concerning any material violation of or responsibility or liability under any Environmental Law that, if adversely determined, could reasonably be expected to have a Company Material Adverse Effect, nor does the Company have any knowledge of any fact or condition that could give rise to such a claim, suit, action, proceeding or investigation.

(d) The Company and its Subsidiaries are in possession of all material approvals, permits, licenses, registrations and similar type authorizations from all Governmental Authorities under all Environmental Laws with respect to the operation of the businesses of the Company and its Subsidiaries; there are no pending or, to the knowledge of the Company, threatened, actions, proceedings or investigations seeking to modify, revoke or deny renewal of any of such approvals, permits, licenses, registrations and authorizations; and the Company does not have knowledge of any fact or condition that is reasonably likely to give rise to any action, proceeding or investigation to modify, revoke or deny renewal of any of such approvals, permits, licenses, registrations and authorizations.

(e) Without in any way limiting the generality of the foregoing, (i) all off-site locations where the Company or any of its Subsidiaries has transported, released, discharged, stored, disposed or arranged for the disposal of pollutants, contaminants, hazardous wastes or toxic substances required by law to be disposed at a licensed disposal site are identified in Section 4.12 of the Company Disclosure Schedule, (ii) to the Company's knowledge, all underground storage tanks, and the operating status, capacity and contents of such tanks, located on any property owned, leased or operated by the Company or any of its Subsidiaries are identified in Section 4.12 of the Company Disclosure Schedule, (iii) to the knowledge of the Company, there is no asbestos contained in or forming part of any building, building component, structure or office space owned or leased by the Company, and (iv) no polychlorinated biphenyls ("PCBs") or PCB-containing items are used or stored at any property owned, leased or operated by the Company or any of its Subsidiaries.

Section 4.13 Compliance with Applicable Laws. The Company and each of its Subsidiaries holds all material approvals, licenses, permits, registrations and similar type authorizations necessary

for the lawful conduct of its respective businesses, as now conducted, and such businesses are not being, and neither the Company nor any of its Subsidiaries has received any notice from any Governmental Authority or Person that any such business has been or is being conducted in violation of any law, ordinance or regulation, including without limitation any law, ordinance or regulation relating to occupational health and safety, except for possible violations which either individually or in the aggregate have not resulted and would not result in a Company Material Adverse Effect; provided, however, notwithstanding the foregoing, no representation or warranty in this Section 4.13 is made with respect to Environmental Laws, which are covered exclusively by the provisions set forth in Section 4.12.

Section 4.14 Insurance. Except as disclosed in Section 4.14 of the Company Disclosure Schedule, the Company and each of its Subsidiaries is, and has been continuously since January 1, 1997, insured in such amounts and against such risks and losses as are customary for companies conducting the respective businesses conducted by the Company and its Subsidiaries during such time period. Except as disclosed in Section 4.14 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has received any notice of cancellation or termination with respect to any material insurance policy thereof. All material insurance policies of the Company and its Subsidiaries are valid and enforceable policies.

Section 4.15 Labor Matters; Employees.

(a) Except as set forth in Section 4.15 of the Company Disclosure Schedule, (i) there is no labor strike, dispute, slowdown, work stoppage or lockout actually pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries and, during the past five years, there has not been any such action, (ii) none of the Company or any of its Subsidiaries is a party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of the Company or any of its Subsidiaries, (iii) none of the employees of the Company or any of its Subsidiaries are represented by any labor organization and none of the Company or any of its Subsidiaries have any knowledge of any current union organizing activities among the employees of the Company or any of its Subsidiaries nor does any question concerning representation exist concerning such employees, (iv) the Company and its Subsidiaries have each at all times been in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages, hours of work and occupational safety and health, and are not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law, ordinance or regulation, (v) there is no unfair labor practice charge or complaint against any of the Company or any of its Subsidiaries pending or, to the knowledge of the Company, threatened before the National Labor Relations Board or any similar state or foreign agency, (vi) there is no grievance or arbitration proceeding arising out of any collective bargaining agreement or other grievance procedure relating to the Company or any of its Subsidiaries, and (vii) neither the Occupational Safety and Health Administration nor any corresponding state agency has threatened to file any citation, and there are no pending citations, relating to the Company or any of its Subsidiaries.

(b) Since the enactment of the Worker Adjustment and Retraining Notification Act of 1988 ("WARN Act"), none of the Company or any of its Subsidiaries has effectuated (i) a

"plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of the Company or any of its Subsidiaries, or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the Company or any of its Subsidiaries, nor has the Company or any of its Subsidiaries been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local law, in each case that could reasonably be expected to have a Company Material Adverse Effect.

Section 4.16 Reserve Reports.

(a) Except as set forth in Section 4.16(a) of the Company Disclosure Schedule, all information supplied to Netherland, Sewell & Associates, Inc. and DeGolyer & MacNaughton by or on behalf of the Company and its Subsidiaries that was material to each such firm's estimates of proved oil and gas reserves attributable to the Oil and Gas Interests of the Company and its Subsidiaries in connection with the preparation of the proved oil and gas reserve reports concerning the Oil and Gas Interests of the Company and its Subsidiaries as of December 31, 1997 and prepared by Netherland, Sewell & Associates, Inc. and DeGolyer & MacNaughton, respectively (such reserve reports, the "Company Reserve Report"), was (at the time supplied or as modified or amended prior to the issuance of the Company Reserve Report) true and correct in all material respects and the Company has no knowledge of any material errors in such information that existed at the time of such issuance. For purposes of this Agreement, "Oil and Gas Interests" means direct and indirect interests in and rights with respect to oil, gas, mineral, and related properties and assets of any kind and nature, direct or indirect, including working, leasehold and mineral interests and operating rights and royalties, overriding royalties, production payments, net profit interests and other nonworking interests and nonoperating interests; all interests in rights with respect to oil, condensate, gas, casinghead gas and other liquid or gaseous hydrocarbons (collectively, "Hydrocarbons") and other minerals or revenues therefrom, all contracts in connection therewith and claims and rights thereto (including all oil and gas leases, operating agreements, unitization and pooling agreements and orders, division orders, transfer orders, mineral deeds, royalty deeds, oil and gas sales, exchange and processing contracts and agreements, and in each case, interests thereunder), surface interests, fee interests, reversionary interests, reservations, and concessions; all easements, rights of way, licenses, permits, leases, and other interests associated with, appurtenant to, or necessary for the operation of any of the foregoing; and all interests in equipment and machinery (including wells, well equipment and machinery), oil and gas production, gathering, transmission, treating, processing, and storage facilities (including tanks, tank batteries, pipelines, and gathering systems), pumps, water plants, electric plants, gasoline and gas processing plants, refineries, and other tangible personal property and fixtures associated with, appurtenant to, or necessary for the operation of any of the foregoing. Except for changes (including changes in commodity prices) generally affecting the oil and gas industry, there has been no change in respect of the matters addressed in the Company Reserve Report that would have a Company Material Adverse Effect.

(b) Set forth in Section 4.16(b) of the Company Disclosure Schedule is a list of all material Oil and Gas Interests that were included in the Company Reserve Report that have been disposed of prior to the date of this Agreement.

Section 4.17 Oil and Gas Reserves; Equipment. Except as otherwise set forth in Section 4.17 of the Company Disclosure Schedule:

(a) None of the wells included in the Oil and Gas Interests of the Company and its Subsidiaries has been overproduced, except where such overproduction individually, or in the aggregate with all other such overproduction, would not have a Company Material Adverse Effect;

(b) There have been no material changes proposed in the production allowables for any wells included in the Oil and Gas Interests of the Company and its Subsidiaries;

(c) All wells included in the Oil and Gas Interests of the Company and its Subsidiaries have been drilled and (if completed) completed, operated, and produced in accordance with good oil and gas field practices and in compliance in all respects with applicable oil and gas leases and applicable laws, rules, and regulations, except where any failure or violation would not have a Company Material Adverse Effect;

(d) Except as set forth in Section 4.17(d) of the Company Disclosure Schedule, there are no wells included in the Oil and Gas Interests of the Company and its Subsidiaries that:

(i) the Company or any of its Subsidiaries is currently obligated by law or contract to plug and abandon or will be obligated by law or contract to plug and abandon with the lapse of time or notice or both because the well is not currently capable of producing in commercial quantities, except for such wells that will not individually, or in the aggregate with all other such wells, result in the Company and its Subsidiaries incurring plugging and abandonment costs (net of salvage value) in an amount in excess of $2,000,000;

(ii) are subject to exceptions to a requirement to plug and abandon issued by a Governmental Authority having jurisdiction over the wells; or

(iii) have been plugged and abandoned but have not been plugged or reclaimed in accordance with all applicable requirements of each Governmental Authority having jurisdiction over such wells;

(e) Proceeds from the sale of Hydrocarbons produced from the Oil and Gas Interests of the Company and its Subsidiaries are being received by the Company and its Subsidiaries in a timely manner and are not being held by third parties in suspense for any reason (except for amounts, individually or in the aggregate, not in excess of $250,000 and held in suspense in the ordinary course of business);

(f) No Person has any call on, option to purchase, or similar rights with respect to the production of Hydrocarbons attributable to the Oil and Gas Interests of the Company and its Subsidiaries, except where any call, option or similar right would not have a Company Material Adverse Effect and except for any such call, option or similar right at market prices, and upon consummation of the transactions contemplated by this Agreement, the Company or its Subsidiaries will have the right to market production from the Oil and Gas Interests of the Company and its

Subsidiaries on terms no less favorable than the terms upon which such production is currently being marketed;

(g) Except for gas imbalances between the Company or any of its Subsidiaries and any third party working interest owners or pipelines relative to the Oil and Gas Interests of the Company or any of its Subsidiaries, which gas imbalances (to the extent constituting overproduction or underproduction from the wells in which the Company or any of its Subsidiaries has an interest) are described in Section 4.17(g) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is obligated by any gas prepayment arrangement or by any "take-or-pay" requirement to deliver any gas at a future time without then or thereafter receiving payment therefor;

(h) To the knowledge of the Company, all equipment and machinery currently in use and material to the operation of the Oil and Gas Interests of the Company or any of its Subsidiaries as conducted prior to the date hereof are in reasonable working condition, ordinary wear and tear excepted; and

(i) With respect to Oil and Gas Interests of the Company and its Subsidiaries that are not operated by the Company or any of its Subsidiaries, the Company makes the foregoing representations and warranties set forth in paragraphs (b), (c) and (d)(iii) of this Section 4.17 and those set forth in Sections 4.12, 4.13 and 4.20 only to its knowledge.

Section 4.18 Title to Oil and Gas Interests.

(a) Except as set forth in Section 4.18 of the Company Disclosure Schedule, the Company or its Subsidiaries has defensible title to all of the Oil and Gas Interests classified as proved developed producing, proved developed nonproducing and proved undeveloped in the Company Reserve Report (each, a "Company Classified Property") except to the extent that such interests have thereafter been disposed of in the ordinary course of business consistent with past practice. For the purposes of this Agreement, "defensible title" means, with respect to any Company Classified Property, such record and beneficial title that (x) entitles the party named to receive, from its ownership of such interest, a percentage of all Hydrocarbons produced, saved, and marketed from each well or property included in the Company Classified Properties not less than the net revenue interest set forth in the Company Reserve Report for such well or property, without reduction, suspension, or termination for the productive life of such well or property, except as a result of elections not to participate in an operation under an applicable operating, unit or other agreement, or readjustments of interest provided for under the terms of the applicable operating, unit or other agreement, in each case, after the date hereof; (y) obligates the party named to bear a percentage of the costs and expenses relating to operations on, and the maintenance and production of, such well or property, not greater than the working or operating interest set forth in the Company Reserve Report without increase for the productive life of such well or property, except as a result of an election of other parties not to participate in an operation under an applicable operating, unit or other agreement, contribution requirements with respect to defaulting co-owners, or readjustments of interest provided for under the terms of the applicable operating or unit agreement, in each case, after the date hereof; and (z) is free and clear of any liens, mortgages, pledges, security interests, encumbrances, claims or charges of any kind (collectively, "Liens") except the Company Permitted Encumbrances. For the purposes of this Agreement, "Company Permitted Encumbrances" means

(i) royalties, overriding royalties, reversionary interests and similar burdens if the cumulative effect of such burdens does not and will not reduce the net revenue interest with respect to a well or property below the net revenue interest shown therefor in the Company Reserve Report or increase the working interest with respect to such well or property above the working interest shown therefor in the Company Reserve Report; (ii) the terms and conditions of all leases, servitudes, production sales contracts, division orders, contracts for sale, purchase, exchange, refining or processing of Hydrocarbons, unitization and pooling designations, declarations, orders and agreements, operating agreements, agreements of development, area of mutual interest agreements, farmout agreements, gas balancing or deferred production agreements, processing agreements, plant agreements, pipeline, gathering and transportation agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, and other agreements including, without limitation, the terms and conditions of any and all contracts and agreements set forth in the Company Reserve Report covering production sales contracts and all other contracts and agreements disclosed in such Company Disclosure Schedule, to the extent that such contracts and agreements do not and will not reduce the net revenue interest of any well or property included in the Company Classified Properties below the net revenue interest shown therefor in the Company Reserve Report or increase the working interest with respect to such well or property above the working interest shown therefor in the Company Reserve Report without a proportionate increase in the net revenue interest with respect to such well or property; (iii) easements, rights of way, servitudes, permits, surface leases and other rights with respect to surface obligations, pipelines, grazing, canals, ditches, reservoirs, or the like, conditions, covenants or other restrictions, and easements of streets, alleys, highways, pipelines, telephone lines, power lines, railways and other easements and rights of way on, over or in respect of any of the Company Classified Properties, so long as they are not such that would have a Company Material Adverse Effect; (iv) any preferential purchase rights, required third party consents to assignment and similar agreements and obligations not applicable to the transactions contemplated hereby, or if applicable to the transactions contemplated hereby, with respect to which prior to the Effective Time (A) waivers or consents have been obtained from the appropriate Person, or (B) the applicable period of time for asserting such rights has expired without any exercise of such rights; (v) liens for Taxes or assessments not yet delinquent; (vi) materialmen's, mechanic's, repairman's, employee's, contractor's, operator's, and other similar liens or charges arising in the ordinary course of business (A) if they have not been filed pursuant to law, (B) if filed, they have not yet become due and payable or payment is being withheld as provided by law or (C) if their validity is being contested in good faith in the ordinary course of business by appropriate action; (vii) approvals that are ministerial in nature and are customarily obtained from Governmental Authorities after the Effective Time in connection with transactions of the same nature as are contemplated hereby ("Customary Post-Closing Consents"); (viii) conventional rights of reassignment arising in respect of abandonment, cessation of production or expiration of leases; (ix) all rights reserved to or vested in any Governmental Authority to control or regulate any of the Company Classified Properties in any manner, and all applicable laws, rules and orders of Governmental Authorities; and (x) any other liens, charges, encumbrances, contracts, agreements, instruments, obligations, defects or irregularities of any kind whatsoever that would not have a Company Material Adverse Effect or that are set forth in Section 4.18(a) of the Company Disclosure Schedule. Notwithstanding the foregoing, title to the Company Classified Properties is of a type and nature customarily acceptable to the reasonably prudent oil and gas operator of oil and gas interests.

(b) Except as set forth in Section 4.18(b) of the Company Disclosure Schedule, (i) each oil and gas lease included in the Oil and Gas Interests of the Company and its Subsidiaries is valid, binding and enforceable in accordance with its terms, except for the Enforceability Exception, and (ii) neither the Company nor the Company Subsidiary that is party to each such lease, nor, to the knowledge of the Company, any other party to any such lease, is in breach or default thereunder in any material respect, no notice of default or termination thereunder has been given or received by the Company or any of its Subsidiaries, and no event has occurred which would, with the giving of notice or passage of time or both, constitute a breach or default thereunder or permit termination, modification or acceleration thereunder that could reasonably be expected to result in a Company Material Adverse Effect.

Section 4.19 Title to Other Properties. Except as set forth in Section 4.19 of the Company Disclosure Schedule, the Company or its Subsidiaries owns, of record (to the extent applicable) and beneficially, all material personal property and all real property (other than oil and gas leasehold interests included in the Company Classified Properties) in each case, as reflected on the consolidated financial statements of the Company included in the Company SEC Documents as being owned by it or any of its Subsidiaries and all such property thereafter acquired by it or any of its Subsidiaries (except to the extent that such properties have thereafter been disposed of in the ordinary course of business consistent with past practice or after the date hereof in compliance with Section 6.1(d)), free and clear of any Liens except the Company Permitted Encumbrances.

Section 4.20 Permits. The Company holds all of the permits, licenses, certificates, consents, approvals, entitlements, plans, surveys, relocation plans, environmental impact reports and other authorizations of Governmental Authorities ("Permits") required or necessary to construct, own, operate, use and/or maintain its properties and conduct its operations as presently conducted, except for such Permits, the lack of which, individually or in the aggregate, would not have a Company Material Adverse Effect; provided, however, that notwithstanding the foregoing, no representation or warranty in this Section 4.20 is made with respect to Permits issued pursuant to Environmental Laws, which are covered exclusively by the provisions set forth in Section 4.12.

Section 4.21 Material Contracts.

(a) Set forth in Section 4.21(a) of the Company Disclosure Schedule is a list of each contract, lease, indenture, agreement, arrangement or understanding to which the Company or any of its Subsidiaries is a party or to which any of the assets or operations of the Company or any of its Subsidiaries is subject that is of a type that would be required to be included as an exhibit to a Form S-1 Registration Statement pursuant to the rules and regulations of the SEC if such a registration statement was filed by the Company or is otherwise, in the judgment of the Company, deemed material to the business of the Company and its Subsidiaries, taken as a whole (collectively, the "Company Material Contracts").

(b) Except as set forth in Section 4.21(a) or 4.21(b) of the Company Disclosure Schedule, the Company Oil and Gas Interests are not subject to (i) any instrument or agreement evi dencing or related to indebtedness for borrowed money, whether directly or indirectly, or (ii) any agreement not entered into in the ordinary course of business in which the amount involved is in excess of $250,000. With respect to the Company Oil and Gas Interests, (A) all Company Material

Contracts are in full force and effect and are the valid and legally binding obligations of the parties thereto and are enforceable in accordance with their respective terms; (B) the Company is not in material breach or default with respect to its obligations under any Company Material Contract and, to the knowledge of the Company, no other party to any Company Material Contract is in material breach or default with respect to its obligations thereunder, including with respect to payments or otherwise; (C) no party to any Company Material Contract has given notice of any action to terminate, cancel, rescind or procure a judicial reformation thereof; and (D) no Company Material Contract contains any provision that prevents the Company or any of its Subsidiaries from owning, managing and operating the Company Oil and Gas Interests substantially in accordance with histori cal practices.

(c) As of the date of this Agreement, except as set forth in Section 4.21(c) of the Company Disclosure Schedule, with respect to authorizations for expenditure executed on or after January 1, 1998, (i) there are no material outstanding calls for payments that are due or that the Company or its Subsidiaries are committed to make that have not been made; (ii) there are no material operations with respect to which the Company or its Subsidiaries have become a nonconsenting party; and (iii) there are no commitments for the material expenditure of funds for drilling or other capital projects other than projects with respect to which the operator is not required under the applicable operating agreement to seek consent.

(d) Except as set forth in Section 4.21(d) of the Company Disclosure Schedule, (i) there are no express contractual obligations to engage in continuous development operations in order to maintain any producing Company Oil and Gas Interest in force and effect; (ii) there are no provisions applicable to the Company Oil and Gas Interests that increase the royalty percentage of the lessor thereunder; and (iii) none of the Company Oil and Gas Interests are limited by terms fixed by a certain number of years (other than primary terms under oil and gas leases).

Section 4.22 Required Stockholder Vote or Consent. The only vote of the holders of any class or series of the Company's capital stock that will be necessary to consummate the Merger and the other transactions contemplated by this Agreement is the approval of the Merger by the holders of a majority of the votes cast by holders of Company Common Stock entitled to vote (the "Company Stockholder Approval").

Section 4.23 Proxy Statement/Prospectus; Registration Statement. None of the information to be supplied by the Company for inclusion in (a) the proxy statement relating to the Company Special Meeting and the Lomak Special Meeting (also constituting the prospectus in respect of Lomak Common Stock into which shares of Company Common Stock will be converted) (the "Proxy Statement/Prospectus"), to be filed by the Company and Lomak with the SEC, and any amendments or supplements thereto, or (b) the Registration Statement on Form S-4 (the "Registration Statement") to be filed by Lomak with the SEC in connection with the Merger, and any amendments or supplements thereto, will, (i) in the case of the Registration Statement, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or (ii) in the case of the Proxy Statement/Prospectus, at the time of the mailing of the Proxy Statement/Prospectus and at the time of the Company Special Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or

necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to the Company, its officers and directors or any of its Subsidiaries should occur which is required to be described in an amendment of, or a supplement to, the Proxy Statement/Prospectus or the Registration Statement, the Company shall notify Lomak thereof by reference to this Section 4.23 and such event shall be so described to Lomak.

Section 4.24 Intellectual Property. The Company and its Subsidiaries own, or are licensed or otherwise have the right to use, all patents, patent rights, trademarks, rights, trade names, trade name rights, service marks, service mark rights, copyrights, technology, know-how, processes and other proprietary intellectual property rights and computer programs ("Intellectual Property") currently used in the conduct of the business and operations of the Company and its Subsidiaries, except where the failure to so own or otherwise have the right to use such intellectual property would not, individually or in the aggregate, have a Company Material Adverse Effect. No Person has notified either the Company or any of its Subsidiaries that their use of the Intellectual Property infringes on the rights of any Person, subject to such claims and infringements as do not, individually or in the aggregate, give rise to any liability on the part of the Company and its Subsidiaries that could have a Company Material Adverse Effect, and, to the Company's knowledge, no Person is infringing on any right of the Company or any of its Subsidiaries with respect to any such Intellectual Property. No claims are pending or, to the Company's knowledge, threatened that the Company or any of its Subsidiaries is infringing or otherwise adversely affecting the rights of any Person with regard to any Intellectual Property.

Section 4.25 Hedging. Section 4.25 of the Company Disclosure Schedule sets forth for the periods shown obligations of the Company and each of its Subsidiaries for the delivery of Hydrocarbons attributable to any of the properties of the Company or any of its Subsidiaries in the future on account of prepayment, advance payment, take-or-pay or similar obligations without then or thereafter being entitled to receive full value therefor. Except as set forth in Section 4.25 of the Company Disclosure Schedule and except for fixed price gas contracts entered into by the Company in the ordinary course of business, as of the date of this Agreement, neither the Company nor any of its Subsidiaries is bound by futures, hedge, swap, collar, put, call, floor, cap, option or other contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of com modities, including Hydrocarbons, or securities.

Section 4.26 Brokers. No broker, finder or investment banker (other than Credit Suisse First Boston Corporation, the fees and expenses of which will be paid by the Company and will not exceed the fee currently set forth in the Company Engagement Letter described below, plus reimbursement of reasonable out of pocket expenses) is entitled to any brokerage, finder's fee or other fee or commission payable by the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of the Company or any of its Subsidiaries. True and correct copies of all agreements and engagement letters currently in effect with Credit Suisse First Boston Corporation (the "Company Engagement Letters") have been provided to Lomak.

Section 4.27 Opinion of Financial Advisor. Credit Suisse First Boston Corporation has delivered to the Board of Directors of the Company its oral opinion, to be confirmed in writing, to

the effect that, as of the date of this Agreement, the Exchange Ratio was fair, from a financial point of view, to the holders of the Company Common Stock.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF LOMAK AND MERGER SUB

Lomak and Merger Sub jointly and severally represent and warrant to the Company as follows:

Section 5.1 Organization and Qualification.

(a) Lomak is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business as a foreign corporation and is in good standing in the jurisdictions set forth in Section 5.1(a) of the disclosure letter delivered to the Company contemporaneously with the execution hereof (the "Lomak Disclosure Schedule"), which include each jurisdiction in which the character of Lomak's properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not result in a Lomak Material Adverse Effect. Lomak has all requisite corporate power and authority to own, use or lease its properties and to carry on its business as it is now being conducted. Lomak has made available to the Company a complete and correct copy of its certificate of incorporation and bylaws, each as amended to date, and Lomak's certificate of incorporation and bylaws as so delivered are in full force and effect. Lomak is not in default in any respect in the performance, observation or fulfillment of any provision of its certificate of incorporation or bylaws.

(b) Section 5.1(b) of the Lomak Disclosure Schedule lists the name and jurisdiction of organization of each Subsidiary of Lomak and the jurisdictions in which each such Subsidiary is qualified or holds licenses to do business as a foreign corporation or other organization as of the date hereof. Each of Lomak's Subsidiaries is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, is duly qualified to do business as a foreign corporation or other legal entity and is in good standing in the jurisdictions set forth in Section 5.1(b) of the Lomak Disclosure Schedule, which includes each jurisdiction in which the character of such Subsidiary's properties or the nature of its business makes such qualification necessary, except in jurisdictions, if any, where the failure to be so qualified would not result in a Lomak Material Adverse Effect. Each of Lomak's Subsidiaries has all requisite corporate or other power and authority to own, use or lease its properties and to carry on its business as it is now being conducted and as it is now proposed to be conducted. Lomak has made available to the Company a complete and correct copy of the certificate of incorporation and bylaws (or similar organizational documents) of each of Lomak's Subsidiaries, each as amended to date, and the certificate of incorporation and bylaws (or similar organizational documents) as so delivered are in full force and effect. No Subsidiary of Lomak is in default in any respect in the performance, observation or fulfillment of any provision of its certificate of incorporation or bylaws (or similar organizational documents). Other than Lomak's Subsidiaries, Lomak does not own

(beneficially or otherwise) or control, directly or indirectly, 5% or more of any class of equity or similar securities of any corporation or other organization, whether incorporated or unincorporated.

(c) Merger Sub has no Subsidiaries.

(d) For purposes of this Agreement, a "Lomak Material Adverse Effect" shall mean any event, circumstance, condition, development or occurrence (i) causing, resulting in or having (or with the passage of time likely to cause, result in or have) a material adverse effect on the financial condition, business, assets, properties, prospects or results of operations of Lomak and its Subsidiaries, taken as a whole or (ii) preventing or delaying in any material respect the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement by Lomak or any of its Subsidiaries; provided, that such term shall not include effects that result from market conditions generally in the oil and gas industry.

Section 5.2 Capitalization.

(a) The authorized capital stock of Lomak consists of 50,000,000 shares of Lomak Common Stock, and 10,000,000 shares of preferred stock of Lomak, par value $1.00 per share, of which 1,150,000 shares have been designated as $2.03 Convertible Preferred Stock. As of the date of this Agreement, Lomak has (i) 21,193,742 shares of Lomak Common Stock issued and outstanding, (ii) 1,149,840 shares of preferred stock outstanding (all of which is designated $2.03 Convertible Preferred Stock) and (iii) outstanding stock options to acquire 2,076,092 shares of Lomak Common Stock under all stock option plans and agreements of Lomak. All such shares have been validly issued, are fully paid and nonassessable, and are free of preemptive rights. Except as set forth in Section 5.2(a) of the Lomak Disclosure Schedule, and other than this Agreement, there are no outstanding subscriptions, options, rights, warrants, convertible securities, stock appreciation rights, phantom equity, or other agreements or commitments obligating Lomak to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock of any class.

(b) Except as set forth in Section 5.2(b) of the Lomak Disclosure Schedule, Lomak is, directly or indirectly, the record and beneficial owner of all of the outstanding shares of capital stock of each Lomak Subsidiary, there are no irrevocable proxies with respect to any such shares, and no equity securities of any Lomak Subsidiary are or may become required to be issued by reason of any options, warrants, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable or exercisable for, shares of any capital stock of any Lomak Subsidiary, and there are no contracts, commitments, understandings or arrangements by which Lomak or any Lomak Subsidiary is or may be bound to issue additional shares of capital stock of any Lomak Subsidiary or securities convertible into or exchangeable or exercisable for any such shares. All of such shares so owned by Lomak are validly issued, fully paid and nonassessable and are owned by it free and clear of all Liens.

Section 5.3 Authority. Each of Lomak and Merger Sub has full corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or will be a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is or will be a party and the consummation of the transactions contemplated hereby and thereby have been duly

and validly authorized by the Board of Directors of each of Lomak and Merger Sub, and no other corporate proceedings on the part of Lomak or Merger Sub are necessary to authorize this Agreement or the Ancillary Agreements to which any of them are or will be a party or to consummate the transactions contemplated hereby or thereby, other than the approval of the issuance of such number of shares required to effect the Merger in accordance with the rules of the New York Stock Exchange, Inc. (the "Stock Issuance") by Lomak's stockholders as contemplated by Section 7.13 hereof. This Agreement has been, and the Ancillary Agreements to which Lomak or Merger Sub are or will be a party are, or upon execution will be, duly and validly executed and delivered by each of Lomak and Merger Sub and, assuming the due authorization, execution and delivery hereof and thereof by the other parties hereto and thereto, constitute or upon execution will constitute, valid and binding obligations of each of Lomak and Merger Sub enforceable against each of Lomak and Merger Sub in accordance with their respective terms, except for the Enforceability Exception.

Section 5.4 Consents and Approvals; No Violation. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby and the performance by each of Lomak and Merger Sub of its obligations hereunder will not:

(a) conflict with any provision of the certificate of incorporation or bylaws of either Lomak or Merger Sub; provided, however, that it is acknowledged that the Name Change (as defined below) would require approval of the holders of at least a majority of the outstanding shares of Lomak Common Stock;

(b) subject to obtaining of the approval of Lomak's stockholders of the Stock Issuance as contemplated by Section 7.13 hereof, require on the part of Lomak or any of its Subsidiaries or Affiliates, any consent, waiver, approval, order, authorization or permit of, or registration, filing with or notification to, (i) any Governmental Authority, except for applicable requirements of the Securities Act, the Exchange Act, state laws relating to takeovers, if applicable, state securities or blue sky laws and Customary Post-Closing Consents, (ii) filings by Lomak under the HSR Act in connection with the acquisition of shares of Lomak Common Stock pursuant to the Merger or (iii) except as set forth in Section 5.4(b) of the Lomak Disclosure Schedule, any third party other than a Governmental Authority, other than such non-Governmental Authority third party consents, waivers, approvals, orders, authorizations and permits that would not (A) result in a Lomak Material Adverse Effect or (B) materially impair the ability of Lomak or Merger Sub or any other Subsidiaries of Lomak to perform its obligations under this Agreement or any Ancillary Agreement; provided, however, that it is acknowledged that the Name Change (as defined below) would require approval of the holders of at least a majority of the outstanding shares of Lomak Common Stock;

(c) except as set forth in Section 5.4(c) of the Lomak Disclosure Schedule, result in any violation of or the breach of or constitute a default (with notice or lapse of time or both) under, or give rise to any right of termination, cancellation or acceleration or guaranteed payments or a loss of a material benefit under, any of the terms, conditions or provisions of any note, lease, mortgage, indenture, license, agreement or other instrument or obligation to which Lomak or any of its Subsidiaries is a party or by which Lomak or any of its Subsidiaries or any of their respective properties or assets may be bound, except for such violations, breaches, defaults, or rights of termination, cancellation or acceleration, or losses as to which requisite waivers or consents have been obtained or which, individually or in the aggregate, would not (i) result in a Lomak Material

Adverse Effect or (ii) materially impair the ability of Lomak or Merger Sub or any other Subsidiaries to perform its obligations under this Agreement or any Ancillary Agreement;

(d) violate the provisions of any order, writ, injunction, judgment, decree, statute, rule or regulation applicable to Lomak or any Subsidiary of Lomak; or

(e) result in the creation of any Lien upon any material assets or on any shares of capital stock, properties or assets of Lomak or its Subsidiaries under any agreement or instrument to which Lomak or any of its Subsidiaries is a party or by which Lomak or any of its Subsidiaries or any of their properties or assets is bound.

Section 5.5 Lomak Financial Statements. Each of the audited consolidated financial statements and unaudited consolidated interim financial statements of Lomak (including any related notes and schedules) included (or incorporated by reference) in its Annual Reports on Form 10-K for each of the three fiscal years ended December 31, 1995, 1996 and 1997 (collectively, the "Lomak Financial Statements") have been prepared from, and are in accordance with, the books and records of Lomak and its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto and subject, in the case of quarterly financial statements, to normal and recurring year-end adjustments that are not material individually or in the aggregate) and fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of Lomak and its Subsidiaries as of the date thereof and the consolidated results of operations and cash flows (and changes in financial position, if any) of Lomak and its Subsidiaries for the periods presented therein (subject to normal year-end adjustments that are not material individually or in the aggregate and the absence of financial footnotes in the case of any unaudited interim financial statements).

Section 5.6 Absence of Undisclosed Liabilities. Except (a) as specifically disclosed in the Lomak SEC Reports (as defined below) and (b) for liabilities and obligations incurred in the ordinary course of business and consistent with past practice, since December 31, 1997, neither Lomak nor any of its Subsidiaries has incurred any liabilities or obligations of any nature (contingent or otherwise) that would have a Lomak Material Adverse Effect or would be required by GAAP to be reflected on a consolidated balance sheet of Lomak and its Subsidiaries or the notes thereto which is not so reflected.

Section 5.7 Absence of Certain Changes. Except as expressly contemplated by this Agreement or disclosed in the Lomak SEC Reports, since December 31, 1997 (a) Lomak and its Subsidiaries have conducted their business in all material respects in the ordinary course consistent with past practices, (b) there has not been any change or development, or combination of any of the foregoing that, individually or in the aggregate, would have a Lomak Material Adverse Effect, (c) there has not been any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of Lomak or Merger Sub or any repurchase, redemption or other acquisition by Lomak or any of its Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, Lomak or Merger Sub, (d) there has not been any amendment of any term of any outstanding security of Lomak or Merger Sub, and (e) there has

not been any change in any method of accounting or accounting practice by Lomak or Merger Sub, except for any such change required by reason of a concurrent change in GAAP or to conform Merger Sub's accounting policies and practices to those of Lomak.

Section 5.8 Lomak SEC Reports. Lomak has filed with the SEC, and has heretofore made available to the Company true and complete copies of, each form, registration statement, report, schedule, proxy or information statement and other document (including exhibits and amendments thereto), including without limitation its Annual Reports to Stockholders incorporated by reference in certain of such reports, required to be filed with the SEC since December 31, 1995 under the Securities Act or the Exchange Act (collectively, the "Lomak SEC Reports"). As of the respective dates such Lomak SEC Reports were filed or, if any such Lomak SEC Reports were amended, as of the date such amendment was filed, each of the Lomak SEC Reports, including without limitation any financial statements or schedules included therein, (a) complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act, as the case may be, and the applicable rules and regulations promulgated thereunder, and (b) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 5.9 Taxes. Except as otherwise disclosed in Section 5.9 of the Lomak Disclosure Schedule and for matters that would have no adverse effect on Lomak or Merger Sub:

(a) Lomak and each of its Subsidiaries have timely filed (or have had timely filed on their behalf) or will file or cause to be timely filed, all material Tax Returns required by applicable law to be filed by any of them prior to or as of the Closing Date. All such Tax Returns and amendments thereto are or will be true, complete and correct in all material respects.

(b) Lomak and each of its Subsidiaries have paid (or have had paid on their behalf), or where payment is not yet due, have established (or have had established on their behalf and for their sole benefit and recourse), or will establish or cause to be established on or before the Closing Date, an adequate accrual for the payment of all material Taxes due with respect to any period ending prior to or as of the Closing Date.

(c) No Audit by a Tax Authority is pending or threatened with respect to any Tax Returns filed by, or Taxes due from, Lomak or any Subsidiary of Lomak. No issue has been raised by any Tax Authority in any Audit of Lomak or any of its Subsidiaries that if raised with respect to any other period not so audited could be expected to result in a material proposed deficiency for any period not so audited. No material deficiency or adjustment for any Taxes has been threatened, proposed, asserted or assessed against Lomak or any of its Subsidiaries. There are no liens for Taxes upon the assets of Lomak or any of its Subsidiaries, except liens for current Taxes not yet delinquent.

(d) Neither Lomak nor any of its Subsidiaries has given or been requested to give any waiver of statutes of limitations relating to the payment of Taxes or has executed powers of attorney with respect to Tax matters that will be outstanding as of the Closing Date.

(e) Prior to the date hereof, Lomak and its Subsidiaries have disclosed, and provided or made available true and complete copies to the Company of, all material Tax sharing, Tax indemnity, or similar agreements to which Lomak or any of its Subsidiaries is a party to, is bound by, or has any obligation or liability for Taxes.

Section 5.10 Litigation. Except as disclosed in the Lomak SEC Reports or Section 5.10 of the Lomak Disclosure Schedule and for matters that would not have a Lomak Material Adverse Effect, there is no suit, claim, action, proceeding or investigation pending or, to Lomak's knowledge, threatened against or directly affecting Lomak, any Subsidiary of Lomak or any of the directors or officers of Lomak or any of its Subsidiaries in their capacity as such, nor is there any reasonable basis therefor that could reasonably be expected to have a Lomak Material Adverse Effect, if adversely determined. Neither Lomak nor any of its Subsidiaries, nor any officer, director or employee of Lomak or any of its Subsidiaries, has been permanently or temporarily enjoined by any order, judgment or decree of any court or any other Governmental Authority from engaging in or continuing any conduct or practice in connection with the business, assets or properties of Lomak or such Subsidiary, nor, to the knowledge of Lomak, is Lomak, any Subsidiary of Lomak or any officer, director or employee of Lomak or its Subsidiaries under investigation by any Governmental Authority. Except as disclosed in the Lomak SEC Reports or Section 5.10 of the Lomak Disclosure Schedule, there is not in existence any order, judgment or decree of any court or other tribunal or other agency enjoining or requiring Lomak or any of its Subsidiaries to take any action of any kind with respect to its business, assets or properties. Notwithstanding the foregoing, no representation or warranty in this Section 5.10 is made with respect to Environmental Laws, which are covered exclusively by the provisions set forth in Section 5.12.

Section 5.11 Employee Benefit Plans; ERISA.

(a) Section 5.11 of the Lomak Disclosure Schedule contains a true and complete list of the employee benefit plans or arrangements of any type (including but not limited to plans described in section 3(3) of ERISA), sponsored, maintained or contributed to by Lomak or any trade or business, whether or not incorporated, which together with Lomak would be deemed a "single employer" within the meaning of Section 414(b), (c) or (m) of the Code or section 4001(b)(1) of ERISA (a "Lomak ERISA Affiliate") within six years prior to the Effective Time, which provide benefits to Lomak's employees ("Lomak Benefit Plans").

(b) With respect to each Lomak Benefit Plan: (i) if intended to qualify under Section 401(a) or 401(k) of the Code, such plan satisfies the requirements of such sections, has received a favorable determination letter from the Internal Revenue Service with respect to its qualification, and its related trust has been determined to be exempt from tax under Section 501(a) of the Code and, to the knowledge of Lomak, nothing has occurred since the date of such letter to adversely affect such qualification or exemption; (ii) each such plan has been administered in substantial compliance with its terms and applicable law; (iii) neither Lomak nor any Lomak ERISA Affiliate has engaged in, and Lomak and each Lomak ERISA Affiliate do not have any knowledge of any Person that has engaged in, any transaction or acted or failed to act in any manner that would subject Lomak or any Lomak ERISA Affiliate to any liability for a breach of fiduciary duty under ERISA that could reasonably be expected to result in a Lomak Material Adverse Effect; (iv) no disputes are pending, or, to the knowledge of Lomak or any Lomak ERISA Affiliate, threatened; (v)

neither Lomak nor any Lomak ERISA Affiliate has engaged in, and Lomak and each Lomak ERISA Affiliate do not have any knowledge of any Person that has engaged in, any transaction in violation of Section 406(a) or (b) of ERISA for which no exemption exists under Section 4975(c)(1) of the Code or Section 4975(d) of the Code that could reasonably be expected to result in a Lomak Material Adverse Effect; (vi) there have been no "reportable events" within the meaning of section 4043 of ERISA for which the 30 day notice requirement of ERISA has not been waived by the PBGC; (vii) all contributions due have been made on a timely basis (within, where applicable, the time limit established under section 302 of ERISA or Code Section 412); (viii) no notice of intent to terminate such plan has been given under section 4041 of ERISA and no proceeding has been instituted under section 4042 of ERISA to terminate such plan; and (ix) such plan may be terminated on a prospective basis without any continuing liability for benefits other than benefits accrued to the date of such termination. All contributions made or required to be made under any Lomak Benefit Plan meet the requirements for deductibility under the Code, and all contributions which are required and which have not been made have been properly recorded on the books of Lomak or a Lomak ERISA Affiliate.

(c) No Lomak Benefit Plan is a "multiemployer plan" (as defined in section 4001(a)(3) of ERISA) or a "multiple employer plan" (within the meaning of Section 413(c) of the Code). No event has occurred with respect to Lomak or a Lomak ERISA Affiliate in connection with which Lomak could be subject to any liability, lien or encumbrance with respect to any Lomak Benefit Plan or any employee benefit plan described in section 3(3) of ERISA maintained, sponsored or contributed to by a Lomak ERISA Affiliate under ERISA or the Code.

Section 5.12 Environmental Liability. Except as set forth in Section 5.12 of the Lomak Disclosure Schedule:

(a) The businesses of Lomak and its Subsidiaries have been and are operated in material compliance with all Environmental Laws.

(b) Neither Lomak nor any of its Subsidiaries has caused or allowed the generation, treatment, manufacture, processing, distribution, use, storage, discharge, release, disposal, transport or handling of any Hazardous Substances at any of its properties or facilities except in material compliance with all Environmental Laws, and, to Lomak's knowledge, no generation, manufacture, processing, distribution, use, treatment, handling, storage, discharge, release, disposal, transport or handling of any Hazardous Substances has occurred at any property or facility owned, leased or operated by Lomak or any of its Subsidiaries except in material compliance with all Environmental Laws.

(c) Neither Lomak nor any of its Subsidiaries has received any written notice from any Governmental Authority or, to the knowledge of Lomak, any other communication alleging or concerning any material violation by Lomak or any of its Subsidiaries of, or responsibility or liability of Lomak or any of its Subsidiaries under, any Environmental Law. There are no pending, or to the knowledge of Lomak, threatened, claims, suits, actions, proceedings or investigations with respect to the businesses or operations of Lomak or any of its Subsidiaries alleging or concerning any material violation of or responsibility or liability under any Environmental Law that, if adversely determined, could reasonably be expected to have a Lomak Material Adverse Effect, nor does Lomak

have any knowledge of any fact or condition that could give rise to such a claim, suit, action, proceeding or investigation.

(d) Lomak and its Subsidiaries are in possession of all material approvals, permits, licenses, registrations and similar type authorizations from all Governmental Authorities under all Environmental Laws with respect to the operation of the businesses of Lomak and its Subsidiaries; there are no pending or, to the knowledge of Lomak, threatened, actions, proceedings or investigations seeking to modify, revoke or deny renewal of any of such approvals, permits, licenses, registrations and authorizations; and Lomak does not have knowledge of any fact or condition that is reasonably likely to give rise to any action, proceeding or investigation to modify, revoke or deny renewal of any of such approvals, permits, licenses, registrations and authorizations.

(e) Without in any way limiting the generality of the foregoing, (i) all off-site locations where Lomak or any of its Subsidiaries has transported, released, discharged, stored, disposed or arranged for the disposal of pollutants, contaminants, hazardous wastes or toxic substances required by law to be disposed at a licensed disposal site are identified in Section 5.12 of Lomak Disclosure Schedule, (ii) to Lomak's knowledge, all underground storage tanks, and the operating status, capacity and contents of such tanks, located on any property owned, leased or operated by Lomak or any of its Subsidiaries are identified in Section 5.12 of the Lomak Disclosure Schedule, (iii) to the knowledge of Lomak, there is no asbestos contained in or forming part of any building, building component, structure or office space owned or leased by Lomak and (iv) no PCBs or PCB-containing items are used or stored at any property owned, leased or operated by Lomak or any of its Subsidiaries.

Section 5.13 Compliance with Applicable Laws. Lomak and each of its Subsidiaries holds all material approvals, licenses, permits, registrations and similar type authorizations necessary for the lawful conduct of its respective businesses, as now conducted, and such businesses are not being, and neither Lomak nor any of its Subsidiaries has received any notice from any Governmental Authority or Person that any such business has been or is being conducted in violation of any law, ordinance or regulation, including without limitation any law, ordinance or regulation relating to occupational health and safety, except for possible violations which either individually or in the aggregate have not resulted and would not result in a Lomak Material Adverse Effect; provided, however, notwithstanding the foregoing, no representation or warranty in this Section 5.13 is made with respect to Environmental Laws, which are covered exclusively by the provisions set forth in Section 5.12.

Section 5.14 Insurance. Except as disclosed in Section 5.14 of the Lomak Disclosure Schedule, Lomak and each of its Subsidiaries is, and has been continuously since January 1, 1997, insured in such amounts and against such risks and losses as are customary for companies conducting the respective businesses conducted by Lomak and its Subsidiaries during such time period. Except as disclosed in Section 5.14 of the Lomak Disclosure Schedule, neither Lomak nor any of its Subsidiaries has received any notice of cancellation or termination with respect to any material insurance policy thereof. All material insurance policies of Lomak and its Subsidiaries are valid and enforceable policies.

Section 5.15 Labor Matters; Employees.

(a) Except as set forth in Section 5.15 of the Lomak Disclosure Schedule, (i) there is no labor strike, dispute, slowdown, work stoppage or lockout actually pending or, to the knowledge of Lomak, threatened against or affecting Lomak or any of its Subsidiaries and, during the past five years, there has not been any such action, (ii) none of Lomak or any of its Subsidiaries is a party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of Lomak or any of its Subsidiaries, (iii) none of the employees of Lomak or any of its Subsidiaries are represented by any labor organization and none of Lomak or any of its Subsidiaries has any knowledge of any current union organizing activities among the employees of Lomak or any of its Subsidiaries nor does any question concerning representation exist concerning such employees, (iv) Lomak and its Subsidiaries have each at all times been in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages, hours of work and occupational safety and health, and are not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law, ordinance or regulation, (v) there is no unfair labor practice charge or complaint against any of Lomak or any of its Subsidiaries pending or, to the knowledge of Lomak, threatened before the National Labor Relations Board or any similar state or foreign agency, (vi) there is no grievance or arbitration proceeding arising out of any collective bargaining agreement or other grievance procedure relating to Lomak or any of its Subsidiaries, and (vii) neither the Occupational Safety and Health Administration nor any corresponding state agency has threatened to file any citation, and there are no pending citations, relating to Lomak or any of its Subsidiaries.

(b) Since the enactment of the WARN Act, none of Lomak or any of its Subsidiaries has effectuated (i) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of Lomak or any of its Subsidiaries, or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of Lomak or any of its Subsidiaries, nor has Lomak or any of its Subsidiaries been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local law, in each case that could reasonably be expected to have a Lomak Material Adverse Effect.

Section 5.16 Reserve Reports.

(a) All information supplied to Netherland, Sewell & Associates, Inc., Wright & Company, Inc., H.J. Gruy and Associates, Inc., Huddleston & Co., Inc. and Clay, Holt & Klammer by or on behalf of Lomak and its Subsidiaries that was material to each such firm's estimates of proved oil and gas reserves attributable to the Oil and Gas Interests of Lomak and its Subsidiaries in connection with the preparation of the proved oil and gas reserve report concerning the Oil and Gas Interests of Lomak and its Subsidiaries as of December 31, 1997 by such firms (the "Lomak Reserve Report") was (at the time supplied or as modified or amended prior to the issuance of the Lomak Reserve Report) true and correct in all material respects and Lomak has no knowledge of any material errors in such information that existed at the time of such issuance. Except for changes (including changes in commodity prices) generally affecting the oil and gas industry, there has been

no change in respect of the matters addressed in the Lomak Reserve Report that would have a Lomak Material Adverse Effect.

(b) Set forth in Section 5.16(b) of the Lomak Disclosure Schedule is a list of all material Oil and Gas Interests that were included in the Lomak Reserve Report that have been disposed of prior to the date of this Agreement.

Section 5.17 Oil and Gas Reserves; Equipment. Except as otherwise set forth in Section 5.17 of the Lomak Disclosure Schedule:

(a) None of the wells included in the Oil and Gas Interests of Lomak and its Subsidiaries has been overproduced, except where such overproduction individually, or in the aggregate with all other such overproduction, would not have a Lomak Material Adverse Effect;

(b) There have been no material changes proposed in the production allowables for any wells included in the Oil and Gas Interests of Lomak and its Subsidiaries;

(c) All wells included in the Oil and Gas Interests of Lomak and its Subsidiaries have been drilled and (if completed) completed, operated, and produced in accordance with good oil and gas field practices and in compliance in all respects with applicable oil and gas leases and applicable laws, rules, and regulations, except where any failure or violation would not have a Lomak Material Adverse Effect;

(d) Except as set forth in Section 5.17(d) of the Lomak Disclosure Schedule, there are no wells included in the Oil and Gas Interests of Lomak and its Subsidiaries that:

(i) Lomak or any of its Subsidiaries is currently obligated by law or contract to plug and abandon or will be obligated by law or contract to plug and abandon with the lapse of time or notice or both because the well is not currently capable of producing in commercial quantities, except for such wells that will not individually, or in the aggregate with all other such wells, result in Lomak and its Subsidiaries incurring plugging and abandonment costs (net of salvage value) in an amount in excess of $2,000,000 in addition to any plugging and abandonment costs that have been provided for in the Lomak Financial Statements;

(ii) are subject to exceptions to a requirement to plug and abandon issued by a Governmental Authority having jurisdiction over the wells; or

(iii) have been plugged and abandoned but have not been plugged or reclaimed in accordance with all applicable requirements of each Governmental Authority having jurisdiction over such wells;

(e) Proceeds from the sale of Hydrocarbons produced from the Oil and Gas Interests of Lomak and its Subsidiaries are being received by Lomak and its Subsidiaries in a timely manner and are not being held by third parties in suspense for any reason (except for amounts,

individually or in the aggregate, not in excess of $250,000 and held in suspense in the ordinary course of business);

(f) No Person has any call on, option to purchase, or similar rights with respect to the production of Hydrocarbons attributable to the Oil and Gas Interests of Lomak and its Subsidiaries, except where any call, option or similar right would not have a Lomak Material Adverse Effect and except for any such call, option or similar right at market prices, and upon consummation of the transactions contemplated by this Agreement, Lomak or its Subsidiaries will have the right to market production from the Oil and Gas Interests of Lomak and its Subsidiaries on terms no less favorable than the terms upon which such production is currently being marketed;

(g) Except for gas imbalances between Lomak or any of its Subsidiaries and any third party working interest owners or pipelines relative to the Oil and Gas Interests of Lomak or any of its Subsidiaries, which gas imbalances (to the extent constituting overproduction or underproduction from the wells in which Lomak or any of its Subsidiaries has an interest) are described in Section 5.17(g) of the Lomak Disclosure Schedule, neither Lomak nor any of its Subsidiaries is obligated by any gas prepayment arrangement or by any "take-or-pay" requirement to deliver any gas at a future time without then or thereafter receiving payment therefor;

(h) To the knowledge of Lomak, all equipment and machinery currently in use and material to the operation of the Oil and Gas Interests of Lomak or any of its Subsidiaries as conducted prior to the date hereof are in reasonable working condition, ordinary wear and tear excepted; and

(i) With respect to wells in which the only Oil and Gas Interests of Lomak and its Subsidiaries that are not operated by Lomak or any of its Subsidiaries, Lomak makes the foregoing representations and warranties set forth in paragraphs (b), (c) and (d)(iii) of this Section 5.17 and those set forth in Sections 5.12, 5.13 and 5.20 only to its knowledge.

Section 5.18 Title to Oil and Gas Interests.

(a) Except as set forth in Section 5.18(a) of the Lomak Disclosure Schedule, Lomak or its Subsidiaries has defensible title to all of the real property included in the Oil and Gas Interests classified as proved developed producing, proved developed nonproducing and proved undeveloped in the Lomak Reserve Report (each, a "Lomak Classified Property") except to the extent that such interests have thereafter been disposed of in the ordinary course of business consistent with past practice. For the purposes of this Agreement, "defensible title" means, with respect to any Lomak Classified Property, such record and beneficial title that (x) entitles the party named to receive, from its ownership of such interest, a percentage of all Hydrocarbons produced, saved, and marketed from each well or property included in the Lomak Classified Properties, not less than the net revenue interest set forth in the Lomak Reserve Report for such well or property, without reduction, suspension, or termination for the productive life of such well or property, except as a result of elections not to participate in an operation under an applicable operating, unit or other agreement, or readjustments of interest provided for under the terms of the applicable operating, unit or other agreement, in each case, after the date hereof; (y) obligates the party named to bear a percentage of the costs and expenses relating to operations on, and the maintenance and production

of, such well or property, not greater than the working or operating interest set forth in the Lomak Reserve Report without increase for the productive life of such well or property, except as a result of an election of other parties not to participate in an operation under an applicable operating, unit or other agreement, contribution requirements with respect to defaulting co-owners, or readjustments of interest provided for under the terms of the applicable operating or unit agreement, in each case, after the date hereof; and (z) is free and clear of any Liens except the Lomak Permitted Encumbrances. For the purposes of this Agreement, "Lomak Permitted Encumbrances" means (i) royalties, overriding royalties, reversionary interests and similar burdens if the cumulative effect of such burdens does not and will not reduce the net revenue interest with respect to a well or property below the net revenue interest shown therefor in the Lomak Reserve Report or increase the working interest with respect to such well or property above the working interest shown therefor in the Lomak Reserve Report; (ii) the terms and conditions of all leases, servitudes, production sales contracts, division orders, contracts for sale, purchase, exchange, refining or processing of Hydrocarbons, unitization and pooling designations, declarations, orders and agreements, operating agreements, agreements of development, area of mutual interest agreements, farmout agreements, gas balancing or deferred production agreements, processing agreements, plant agreements, pipeline, gathering and transportation agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, and other agreements including, without limitation, the terms and conditions of any and all contracts and agreements set forth in the Lomak Reserve Report covering production sales contracts and all other contracts and agreements disclosed in such Lomak Disclosure Schedule, to the extent that such contracts and agreements do not and will not reduce the net revenue interest of any well or property included in the Lomak Classified Properties below the net revenue interest shown therefor in the Lomak Reserve Report or increase the working interest of such well above the working interest shown therefor in the Lomak Reserve Report without a proportionate increase in the net revenue interest of such well or property; (iii) easements, rights of way, servitudes, permits, surface leases and other rights with respect to surface obligations, pipelines, grazing, canals, ditches, reservoirs, or the like, conditions, covenants or other restrictions, and easements of streets, alleys, highways, pipelines, telephone lines, power lines, railways and other easements and rights of way on, over or in respect of any of the Lomak Classified Properties, so long as they are not such that would have a Lomak Material Adverse Effect; (iv) any preferential purchase rights, required third party consents to assignment and similar agreements and obligations not applicable to the transactions contemplated hereby, or if applicable to the transactions contemplated hereby, with respect to which prior to the Effective Time (A) waivers or consents have been obtained from the appropriate Person, or (B) the applicable period of time for asserting such rights has expired without any exercise of such rights; (v) liens for Taxes or assessments not yet delinquent; (vi) materialmen's, mechanic's, repairman's, employee's, contractor's, operator's, and other similar liens or charges arising in the ordinary course of business (A) if they have not been filed pursuant to law, (B) if filed, they have not yet become due and payable or payment is being withheld as provided by law or (C) if their validity is being contested in good faith in the ordinary course of business by appropriate action; (vii) Customary Post-Closing Consents; (viii) conventional rights of reassignment arising in respect of abandonment, cessation of production or expiration of leases; (ix) all rights reserved to or vested in any Governmental Authority to control or regulate any of the Lomak Classified Properties in any manner, and all applicable laws, rules and orders of Governmental Authorities; (x) any other liens, charges, encumbrances, contracts, agreements, instruments, obligations, defects or irregularities of any kind whatsoever that would not have a Lomak Material Adverse Effect or that are set forth in Section 5.18(a) of the Lomak

Disclosure Schedule. Notwithstanding the foregoing, title to the Lomak Classified Properties is of a type and nature customarily acceptable to the reasonably prudent oil and gas operator of oil and gas interests.

(b) Except as set forth in Section 5.18(b) of the Lomak Disclosure Schedule, (i) each oil and gas lease included in the Lomak Classified Properties is valid, binding and enforceable in accordance with its terms, except for the Enforceability Exception (to the extent applicable), and (ii) neither Lomak nor the Lomak Subsidiary that is party to each such lease, nor, to the knowledge of Lomak, any other party to any such lease, is in breach or default thereunder in any material respect, no notice of default or termination thereunder has been given or received by Lomak or any of its Subsidiaries, and no event has occurred which would, with the giving of notice or passage of time or both, constitute a breach or default thereunder or permit termination, modification or acceleration thereunder that could reasonably be expected to result in a Lomak Material Adverse Effect.

Section 5.19 Title to Other Properties. Except as set forth in Section 5.19 of the Lomak Disclosure Schedule, Lomak or its Subsidiaries owns, of record (to the extent applicable) and beneficially, all material personal property and all real property (other than oil and gas leasehold interests included in the Lomak Classified Properties), purported to be owned by Lomak or its Subsidiaries (except to the extent that such properties have thereafter been disposed of in the ordinary course of business consistent with past practice or after the date hereof in compliance with Section 6.2(d)), free and clear of any Liens except Lomak Permitted Encumbrances.

Section 5.20 Material Contracts.

(a) Set forth in Section 5.20(a) of the Lomak Disclosure Schedule is a list of each contract, lease, indenture, agreement, arrangement or understanding to which Lomak or any of its Subsidiaries is subject that is of a type that would be required to be included as an exhibit to a Form S-1 Registration Statement pursuant to the rules and regulations of the SEC if such a registration was filed by Lomak or is otherwise, in the judgment of Lomak, deemed material to the business of Lomak and its Subsidiaries, taken as a whole (the "Lomak Material Contracts").

(b) Except as set forth in Section 5.20(a) or 5.20(b) of the Lomak Disclosure Schedule, the Oil and Gas Interests of Lomak and its Subsidiaries are not subject to (i) any instrument or agreement evidencing or related to indebtedness for borrowed money, whether directly or indirectly, or (ii) any agreement not entered into in the ordinary course of business in which the amount involved is in excess of $250,000. With respect to the Oil and Gas Interests of Lomak and its Subsidiaries, (A) all Lomak Material Contracts are in full force and effect and are the valid and legally binding obligations of the parties thereto and are enforceable in accordance with their respective terms; (B) Lomak is not in material breach or default with respect to the obligations under any Lomak Material Contract and, to the knowledge of Lomak, no party to any Lomak Material Con tract is in material breach or default with respect to its obligations thereunder, including with respect to payments or otherwise; (C) no party to any Lomak Material Contract has given notice of any action to terminate, cancel, rescind or procure a judicial reformation thereof; and (D) no Lomak Material Contract contains any provision that prevents Lomak or any of its Subsidiaries from own-

ing, managing and operating the Oil and Gas Interests of Lomak and its Subsidiaries substantially in accordance with historical practices.

(c) As of the date of this Agreement, except as set forth in Section 5.20(c) of the Lomak Disclosure Schedule, with respect to authorizations for expenditure executed on or after January 1, 1998, (i) there are no material outstanding calls for payments that are due or which Lomak or its Subsidiaries are committed to make that have not been made; (ii) there are no material operations with respect to which Lomak or its Subsidiaries have become a non-consenting party; and (iii) there are no commitments for the material expenditure of funds for drilling or other capital pro jects other than projects with respect to which the operator is not required under the applicable operating agreement to seek consent.

(d) Except as set forth in Section 5.20(d) of the Lomak Disclosure Schedule, (i) there are no express contractual obligations to engage in continuous development operations in order to maintain any producing Oil and Gas Interest of Lomak or its Subsidiaries in force and effect; (ii) there are no provisions applicable to the Oil and Gas Interests of Lomak and its Subsidiaries that increase the royalty percentage of the lessor thereunder; and (iii) none of the Oil and Gas Interests of Lomak and its Subsidiaries are limited by terms fixed by a certain number of years (other than primary terms under oil and gas leases).

Section 5.21 Permits. Immediately prior to the Effective Time and except for Customary Post-Closing Consents, Lomak or its Subsidiaries will hold all of the Permits required or necessary to construct, own, operate, use and/or maintain their properties and conduct their operations as presently conducted, except for such Permits, the lack of which, individually or in the aggregate, would not have a Lomak Material Adverse Effect; provided, however, that notwithstanding the foregoing, no representation or warranty in this Section 5.21 is made with respect to Permits issued pursuant to Environmental Laws, which are covered exclusively by the provisions set forth in Section 5.12.

Section 5.22 Required Stockholder Vote or Consent. The only vote of the holders of any class or series of Lomak's capital stock that will be necessary to consummate the Merger and the other transactions contemplated by this Agreement is the approval of the Stock Issuance by the holders of a majority of the shares of Lomak Voting Stock represented in person or by proxy and voting with respect thereto (the "Lomak Stockholder Approval"); provided, however, that it is acknowledged that the Name Change (as defined below) would require approval of the holders of at least a majority of the outstanding shares of Lomak Common Stock. The "Lomak Voting Stock" shall include the outstanding shares of Lomak Common Stock (on the basis of one vote per share) and the outstanding shares of $2.03 Convertible Preferred Stock (on the basis of one vote per share).

Section 5.23 Proxy Statement/Prospectus; Registration Statement. None of the information to be supplied by Lomak or Merger Sub for inclusion in (a) the Proxy Statement/Prospectus to be filed by the Company and Lomak with the SEC, and any amendments or supplements thereto, or (b) the Registration Statement to be filed by Lomak with the SEC in connection with the Merger, and any amendments and supplements thereto, will, (i) in the case of the Registration Statement, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not

misleading or (ii) in the case of the Proxy Statement/Prospectus, at the time of the mailing of the Proxy Statement/Prospectus and at the time of the Lomak Special Meeting, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided, however, that Lomak makes no representation with respect to information supplied in writing by the Company for inclusion in the Registration Statement or the Proxy Statement/Prospectus. If at any time prior to the Effective Time any event with respect to Lomak, its officers and directors or any of its Subsidiaries shall occur which is required to be described in the Proxy Statement/Prospectus or the Registration Statement, such event shall be so described, and an amendment or supplement shall be promptly filed with the SEC and, as required by law, disseminated to the stockholders of Lomak and such amendment or supplement shall comply with all provisions of applicable law. The Registration Statement will, at the time it becomes effective, comply as to form in all material respects with the provisions of the Securities Act.

Section 5.24 Intellectual Property. Lomak and its Subsidiaries own, or are licensed or otherwise have the right to use all Intellectual Property currently used in the conduct of the business of Lomak and its Subsidiaries, except where the failure to so own or otherwise have the right to use such intellectual property would not, individually or in the aggregate, have a Lomak Material Adverse Effect. No Person has notified either Lomak or any of its Subsidiaries that their use of the Intellectual Property infringes on the rights of any Person, subject to such claims and infringements as do not, individually or in the aggregate, give rise to any liability on the part of Lomak and its Subsidiaries that could have a Lomak Material Adverse Effect, and, to Lomak's knowledge, no Person is infringing on any right of Lomak or any of its Subsidiaries with respect to any such Intellectual Property. No claims are pending or, to Lomak's knowledge, threatened that Lomak or any of its Subsidiaries is infringing or otherwise adversely affecting the rights of any Person with regard to any Intellectual Property.

Section 5.25 Hedging. Section 5.25 of the Lomak Disclosure Schedule sets forth for the periods shown obligations of Lomak and each of its Subsidiaries for the delivery of Hydrocarbons attributable to any of the properties of Lomak or any of its Subsidiaries in the future on account of prepayment, advance payment, take-or-pay or similar obligations without then or thereafter being entitled to receive full value therefor. Except as set forth in Section 5.25 of the Lomak Disclosure Schedule and except for fixed price gas contracts entered into in the ordinary course of business, as of the date of this Agreement, neither Lomak nor any of its Subsidiaries is bound by futures, hedge, swap, collar, put, call, floor, cap, option or other contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities, including Hydrocarbons or securities.

Section 5.26 Brokers. No broker, finder or investment banker (other than PaineWebber Incorporated, the fees and expenses of which will be paid by Lomak and will not exceed the fee currently set forth in the Lomak Engagement Letter described below, plus reimbursement of reasonable out of pocket expenses) is entitled to any brokerage, finder's fee or other fee or commission payable by Lomak or any of its Subsidiaries in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of Lomak or any of its Subsidiaries. True and correct copies of all agreements and engagement letters currently in

effect with PaineWebber Incorporated (the "Lomak Engagement Letters") have been provided to the Company.

Section 5.27 Merger Sub's Operations. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby.

Section 5.28 Opinion of Financial Advisor. PaineWebber Incorporated has delivered to the Board of Directors of Lomak its written opinion to the effect that, as of the date of this Agreement, the Exchange Ratio is fair to Lomak from a financial point of view.

ARTICLE VI

CONDUCT OF BUSINESS PENDING THE MERGER

Section 6.1 Conduct of Business by the Company Pending the Merger. From the date hereof until the Effective Time, unless Lomak shall otherwise agree in writing, or except as set forth in the Company Disclosure Schedule or as otherwise contemplated by this Agreement, the Company and its Subsidiaries shall conduct their business in the ordinary course consistent with past practice and shall use all reasonable efforts to preserve intact their business organizations and relationships with third parties and to keep available the services of their present officers and key employees, subject to the terms of this Agreement. Except as set forth in the Company Disclosure Schedule or as otherwise contemplated by or provided in this Agreement, and without limiting the generality of the foregoing, from the date hereof until the Effective Time, without the written consent of Lomak, which consent shall not be unreasonably withheld:

(a) Neither the Company nor its Subsidiaries will adopt or propose any change to its Certificate of Incorporation or Bylaws;

(b) The Company will not, and will not permit any of its Subsidiaries to (i) declare, set aside or pay any dividend or other distribution with respect to any shares of capital stock of the Company or its Subsidiaries or (ii) repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or any of its Subsidiaries, other than intercompany acquisitions of stock;

(c) The Company will not, and will not permit any of its Subsidiaries to, merge or consolidate with any other Person or acquire assets having an individual purchase price of more than $2.5 million or aggregate purchase prices of more than $10 million;

(d) Except as set forth in Section 6.1(d) of the Company Disclosure Schedule, the Company will not, and will not permit any of its Subsidiaries to, sell, lease, license or otherwise surrender, relinquish or dispose of any assets or properties with an individual fair market value exceeding $1 million or an aggregate fair market value exceeding $5 million;

(e) The Company will not settle any material Audit, make or change any material Tax election or file any material amended Tax Return;

(f) Except as otherwise permitted by this Agreement, the Company will not issue any securities (except pursuant to existing obligations disclosed in the Company SEC Reports or the Company Disclosure Schedule), enter into any amendment of any term of any outstanding security of the Company or of any of its Subsidiaries, incur any indebtedness except trade debt in the ordinary course of business or pursuant to existing credit facilities or arrangements, fail to make any required contribution to any Company ERISA Plan, increase compensation, bonus (except as set forth in Section 6.1(f) of the Company Disclosure Schedule) or other benefits payable to any executive officer or former employee or enter into any settlement or consent with respect to any pending litigation;

(g) The Company will not change any method of accounting or accounting practice by the Company or any of its Subsidiaries, except for any such change required by GAAP;

(h) The Company will not take any action that would give rise to a claim under the WARN Act or any similar state law or regulation because of a "plant closing" or "mass layoff" (each as defined in the WARN Act);

(i) The Company will not amend or otherwise change the terms of the Company Engagement Letters, except to the extent that any such amendment or change would result in terms more favorable to the Company;

(j) Neither the Company nor any of its Subsidiaries will become bound or obligated to participate in any operation, or consent to participate in any operation, with respect to any Oil and Gas Interests that will individually cost in excess of $2.5 million unless the operation is a currently existing obligation of the Company or any of its Subsidiaries or necessary to extend, preserve or maintain an Oil and Gas Interest;

(k) Neither the Company nor any of its Subsidiaries will enter into any futures, hedge, swap, collar, put, call, floor, cap, option or other contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities, including Hydrocarbons, or securities, other than in the ordinary course of business in accordance with the Company's current policies;

(l) The Company will not, and will not permit any of its Subsidiaries to (i) take, or agree or commit to take, any action that would make any representation and warranty of the Company hereunder inaccurate in any material respect at, or as of any time prior to, the Effective Time or (ii) omit, or agree or commit to omit, to take any action necessary to prevent any such representation or warranty from being materially inaccurate in any respect at any such time;

(m) Neither the Company nor any of its Subsidiaries shall (i) adopt, amend (other than amendments that reduce the amounts payable by the Company or any Subsidiary, or amendments required by law to preserve the qualified status of a Company Benefit Plan) or assume an obligation to contribute to any employee benefit plan or arrangement of any type or collective

bargaining agreement or, except as described in Schedule 6.1(m) attached hereto, enter into any employment, severance or similar contract with any Person (including, without limitation, contracts with management of the Company or any Subsidiaries that might require that payments be made upon the consummation of the transactions contemplated hereby) or amend any such existing contracts to increase any amounts payable thereunder or benefits provided thereunder, (ii) engage in any transaction (either acting alone or in conjunction with any Company Benefit Plan or trust created thereunder) in connection with which the Company or any Subsidiary could be subjected (directly or indirectly) to either a civil penalty assessed pursuant to subsections (c), (i) or (l) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code, (iii) terminate any Company Benefit Plan in a manner, or take any other action with respect to any Company Benefit Plan, that could result in the liability of the Company or any Subsidiary to any Person, (iv) take any action that could adversely affect the qualification of any Company Benefit Plan or its compliance with the applicable requirements of ERISA, (v) fail to make full payment when due of all amounts which, under the provisions of any Company Benefit Plan, any agreement relating thereto or applicable law, the Company or any Subsidiary are required to pay as contributions thereto or (vi) fail to file, on a timely basis, all reports and forms required by federal regulations with respect to any Company Benefit Plan; and

(n) The Company will not, and will not permit any of its Subsidiaries to, agree or commit to do any of the foregoing.

Section 6.2 Conduct of Business by Lomak Pending the Merger. From the date hereof until the Effective Time, unless the Company shall otherwise agree in writing, or except as set forth in the Lomak Disclosure Schedule or as otherwise contemplated by this Agreement, Lomak shall conduct, and shall cause its Subsidiaries to conduct, its business in the ordinary course consistent with past practice and shall use, and shall cause its each of its Subsidiaries to use, all reasonable efforts to preserve intact its business organizations and relationships with third parties and to keep available the services of its key employees, subject to the terms of this Agreement. Except as set forth in the Lomak Disclosure Schedule or as otherwise contemplated by or provided in this Agreement, and without limiting the generality of the foregoing, from the date hereof until the Effective Time, without the written consent of the Company, which consent shall not be unreasonably withheld:

(a) Neither Lomak nor Merger Sub will adopt or propose any change to its Certificate of Incorporation or Bylaws;

(b) Lomak will not, and will not permit any of its Subsidiaries to (i) declare, set aside or pay any dividend or other distribution with respect to any shares of capital stock of Lomak or its Subsidiaries other than regular quarterly dividends not in excess of 150% of the per share dividends currently paid or (ii) repurchase, redeem or otherwise acquire any outstanding shares of capital stock or other securities of, or other ownership interests in, Lomak or any of its Subsidiaries, other than intercompany acquisitions of stock;

(c) Neither Lomak nor Merger Sub will merge or consolidate with any other Person or acquire assets having an individual purchase price of more than $5 million or aggregate purchase prices of more than $20 million;

(d) Except as set forth in Section 6.2(d) of the Lomak Disclosure Schedule, neither Lomak nor any of its Subsidiaries will sell, lease, license or otherwise surrender, relinquish or dispose of any assets or properties with an individual fair market value exceeding $2 million or an aggregate fair market value exceeding $10 million;

(e) Lomak will not settle any material Audit, make or change any material Tax election or file any material amended Tax Return;

(f) Except as otherwise permitted by this Agreement, Lomak will not issue any securities (except pursuant to existing obligations disclosed in the Lomak SEC Reports or the Lomak Disclosure Schedule), enter into any amendment of any term of any outstanding security of Lomak or of any of its Subsidiaries, incur any indebtedness except trade debt in the ordinary course of business or pursuant to existing credit facilities or arrangements, fail to make any required contribution to any Lomak ERISA Plan, increase compensation, bonus (except as set forth in Section 6.2(f) of the Lomak Disclosure Schedule) or other benefits payable to any executive officer or former employee or enter into any settlement or consent with respect to any pending litigation;

(g) Lomak will not change any method of accounting or accounting practice, except for any such change required by GAAP;

(h) Lomak will not amend or otherwise change the terms of the Lomak Engagement Letters, except to the extent that any such amendment or change would result in terms more favorable to Lomak;

(i) Neither Lomak nor any of its Subsidiaries will become bound or obligated to participate in any operation, or consent to participate in any operation, with respect to any Oil and Gas Interest that will individually cost in excess of $2.5 million unless the operation is a currently existing obligation of Lomak or any of its Subsidiaries or necessary to extend, preserve or maintain an Oil and Gas Interest;

(j) Neither Lomak nor any of its Subsidiaries will enter into any futures, hedge, swap, collar, put, call, floor, cap, option or other contracts that are intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities, including Hydrocarbons, or securities, other than in the ordinary course of business in accordance with Lomak's current policies;

(k) Lomak will not, and will not permit any of its Subsidiaries to (i) take, or agree or commit to take, any action that would make any representation and warranty of Lomak or Merger Sub hereunder inaccurate in any material respect at, or as of any time prior to, the Effective Time or (ii) omit, or agree or commit to omit, to take any action necessary to prevent any such representation or warranty from being materially inaccurate in any respect at any such time;

(l) Neither Lomak nor any of its Subsidiaries shall (i) adopt, amend (other than amendments that reduce the amounts payable by Lomak or any Subsidiary, or amendments required by law to preserve the qualified status of a Lomak Benefit Plan) or assume an obligation to contribute to any employee benefit plan or arrangement of any type or collective bargaining agreement or enter into any employment, severance or similar contract with any Person (including,

without limitation, contracts with management of Lomak or any Subsidiaries that might require that payments be made upon consummation of the transactions contemplated hereby) or amend any such existing contracts to increase any amounts payable thereunder or benefits provided thereunder, (ii) engage in any transaction (either acting alone or in conjunction with any Lomak Benefit Plan or trust created thereunder) in connection with which Lomak or any Subsidiary could be subjected (directly or indirectly) to either a civil penalty assessed pursuant to subsections (c), (i) or (l) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code, (iii) terminate any Lomak Benefit Plan in a manner, or take any other action with respect to any Lomak Benefit Plan, that could result in the liability of Lomak or any Subsidiary to any Person, (iv) take any action that could adversely affect the qualification of any Lomak Benefit Plan or its compliance with the applicable requirements or ERISA, (v) fail to make full payment when due of all amounts which, under the provisions of any Lomak Benefit Plan, any agreement relating thereto or applicable law, Lomak or any Subsidiary are required to pay as contributions thereto or (vi) fail to file, on a timely basis, all reports and forms required by federal regulations with respect to any Lomak Benefit Plan; and

(m) Lomak will not, and will not permit any of its Subsidiaries to, agree or commit to do any of the foregoing.

Section 6.3 Conduct of Business of Merger Sub. From the date hereof to the Effective Time, Merger Sub shall not engage in any activities of any nature except as provided in or contemplated by this Agreement.

ARTICLE VII

ADDITIONAL AGREEMENTS

Section 7.1 Access and Information. The parties shall each afford to the other and to the other's financial advisors, legal counsel, accountants, consultants, financing sources and other authorized representatives access during normal business hours throughout the period prior to the Effective Time to all of its books, records, properties, contracts, leases, plants and personnel and, during such period, each shall furnish promptly to the other (a) a copy of each report, schedule and other document filed or received by it pursuant to the requirements of federal or state securities laws, and (b) all other information as such other party reasonably may request, provided that no investigation pursuant to this Section 7.1 shall affect any representations or warranties made herein or the conditions to the obligations of the respective parties to consummate the Merger. Each party shall hold in confidence all non-public information until such time as such information is otherwise publicly available and, if this Agreement is terminated, each party will deliver to the other all documents, work papers and other materials (including copies) obtained by such party or on its behalf from the other party as a result of this Agreement or in connection herewith, whether so obtained before or after the execution hereof. Notwithstanding the foregoing, the Confidentiality Agreement dated March 31, 1998 between Lomak and the Company shall survive the execution and delivery of this Agreement.

Section 7.2 Acquisition Proposals.

(a) From the date hereof until the termination hereof, the Company and its Subsidiaries will not, and will cause their respective officers, directors, employees or other agents not to, directly or indirectly, (i) take any action to solicit, initiate or encourage any Company Acquisition Proposal or (ii) engage in negotiations with, or disclose any nonpublic information relating to the Company or its Subsidiaries, respectively, or afford access to their respective properties, books or records to any Person that may be considering making, or has made, a Company Acquisition Proposal. Nothing contained in this Section 7.2 shall prohibit the Company and its Board of Directors from taking and disclosing a position with respect to a tender offer by a third party pursuant to Rules 14d-9 and 14e-2(a) promulgated by the SEC under the Exchange Act.

(b) The term "Company Acquisition Proposal" as used herein means any offer or proposal for, or any indication of interest in, a merger or other business combination directly or indirectly involving the Company or any Company Subsidiary or the acquisition of a substantial equity interest in, or a substantial portion of the assets of, any such party, other than the transactions contemplated by this Agreement.

Section 7.3 Directors' and Officers' Indemnification.

(a) For six years after the Effective Time, Lomak shall indemnify, defend and hold harmless the present and former officers and directors of the Company and its Subsidiaries (each an "Indemnified Party") against all losses, claims, damages, liabilities, fees and expenses (including reasonable fees and disbursements of counsel and judgments, fines, losses, claims, liabilities and amounts paid in settlement (provided that any such settlement is effected with the prior written consent of Lomak, which shall not be unreasonably withheld)) in connection with any claim, action, suit, proceeding or investigation (an "Action") arising out of actions or omissions in their capacity as such occurring at or prior to the Effective Time to the full extent permitted under the DGCL or the Company's Certificate of Incorporation, Bylaws or written indemnification agreements in effect at the date hereof, including provisions therein relating to the advancement of expenses incurred in the defense of any action or suit; provided, that in the event any claim or claims are asserted or made within such six-year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims; and provided, further, that any determination required to be made with respect to whether an Indemnified Party's conduct complies with the standards set forth under the DGCL, the Company's Certificate of Incorporation or Bylaws or such agreements, as the case may be, shall be made by independent counsel mutually acceptable to Lomak and the Indemnified Party; and provided, further, that nothing herein shall impair any rights or obligations of any present or former directors or officers of the Company. In the event of any Action, any Indemnified Party wishing to claim indemnification will promptly notify Lomak thereof (provided that failure to so notify Lomak will not affect the obligations of Lomak to provide indemnification except to the extent that Lomak shall have been prejudiced as a result of such failure). With respect to any Action for which indemnification is requested, Lomak will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, Lomak may assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party. After notice from Lomak to the Indemnified Party of its election to assume the defense of an Action, Lomak will not be liable to the Indemnified Party in connection with the

defense thereof, other than as provided below. Lomak will not settle any Action without the Indemnified Party's written consent (which consent will not be unreasonably withheld). The Indemnified Party will have the right to employ counsel in any Action, but the fees and expenses of such counsel incurred after notice from Lomak of its assumption of the defense thereof will be at the expense of the Indemnified Party, unless (i) the employment of counsel by the Indemnified Party has been authorized by Lomak, (ii) the Indemnified Party will have reasonably concluded upon the advice of counsel that there may be a conflict of interest between the Indemnified Party and Lomak in the conduct of the defense of an action, or (iii) Lomak shall not in fact have employed counsel to assume the defense of an Action, in each of which cases the reasonable fees and expenses of counsel selected by the Indemnified Party will be at the expense of Lomak. Notwithstanding the foregoing, Lomak will not be liable for any settlement effected without its written consent (which shall not be unreasonably withheld) and Lomak will not be obligated pursuant to this Section 7.3(a) to pay the fees and disbursements of more than one counsel for all Indemnified Parties in any single Action, except to the extent two or more of such Indemnified Parties have conflicting interests in the outcome of such action.

(b) Lomak shall maintain the Company's existing officers' and directors' liability insurance policy ("D&O Insurance") for a period of not less than six years after the Effective Time, but only to the extent related to actions or omissions prior to the Effective Time; provided, that Lomak may substitute therefor policies of substantially similar coverage and amounts with a comparably rated underwriter containing terms no less advantageous in any material respect to such former directors or officers; provided further, that the aggregate amount of premiums to be paid with respect to the maintenance of such D&O Insurance for such six year period shall not exceed $600,000.

(c) Lomak will cause the Surviving Corporation to keep in effect provisions in its certificate of incorporation and bylaws providing for exculpation of director and officer liability and its indemnification of the Indemnified Parties to the fullest extent permitted under the DGCL, which provisions will not be amended except as required by applicable law or except to make changes permitted by law that would enlarge the Indemnified Parties' right of indemnification.

(d) The provisions of this Section 7.3 will survive the consummation of the Merger and expressly are intended to benefit each of the Indemnified Parties.

Section 7.4 Further Assurances. Each party hereto agrees to use all reasonable efforts to obtain all consents and approvals and to do all other things necessary for the consummation of the transactions contemplated by this Agreement. The parties agree to take such further action to deliver or cause to be delivered to each other at the Closing and at such other times thereafter as shall be reasonably agreed such additional agreements or instruments as any of them may reasonably request for the purpose of carrying out this Agreement and agreements and transactions contemplated hereby and thereby.

Section 7.5 Expenses.

(a) All Expenses (as defined below) incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such expenses except as expressly provided herein and except that both (i) the filing fee in connection with the filing of the Registration Statement or Proxy Statement/Prospectus with the SEC and (ii) the expenses incurred in connection with printing and mailing the Registration Statement and the Proxy Statement/Prospectus will be shared equally by the Company and Lomak.

(b) "Expenses" as used in this Agreement shall include all reasonable out-of-pocket expenses (including, without limitation, all reasonable fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the preparation, printing, filing and mailing of the Registration Statement, the Proxy Statement/Prospectus, the solicitation of stockholder approvals and all other matters related to the consummation of the transactions contemplated hereby.

Section 7.6 Cooperation. Subject to compliance with applicable law, from the date hereof until the Effective Time, each of the parties hereto shall confer on a regular and frequent basis with one or more representatives of the other parties to report operational matters of materiality and the general status of ongoing operations and shall promptly provide the other party or its counsel with copies of all filings made by such party with any Governmental Authority in connection with this Agreement and the transactions contemplated hereby.

Section 7.7 Publicity. Neither the Company, Lomak nor any of their respective affiliates shall issue or cause the publication of any press release or other announcement with respect to the Merger, this Agreement or the other transactions contemplated hereby without the prior consultation of the other party, except as may be required by law or by any listing agreement with a national securities exchange. The parties agree to respond promptly to any press release or other announcement submitted for comment pursuant to this Section 7.7.

Section 7.8 Additional Actions. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, or to remove any injunctions or other impediments or delays, to consummate and make effective the Merger and the other transactions contemplated by this Agreement, subject, however, to the appropriate vote of stockholders of the Company and Lomak required so to vote.

Section 7.9 Filings. Each party hereto shall make all filings required to be made by such party in connection herewith or desirable to achieve the purposes contemplated hereby, and shall cooperate as needed with respect to any such filing by any other party hereto.

Section 7.10 Consents. Each of Lomak, Merger Sub and the Company shall use all reasonable efforts to obtain all consents necessary or advisable in connection with its obligations hereunder.

Section 7.11 Employee Matters; Benefit Plans. After the Effective Time, Lomak will provide to any employees of the Company who are employed by the Company as of the Effective Time (the "Retained Employees") the same base salary or wages provided to such employees prior to the Effective Time. From and after the Effective Time until January 1, 1999, Lomak will provide, or cause to be provided to, the Retained Employees employee plans that are comparable to the employee plans that Lomak provides to its similarly situated employees or provide coverage under existing Lomak benefit plans provided to similarly situated employees. Further, Lomak shall (i) waive, or cause to be waived, any preexisting condition limitations applicable to the Retained Employees under any group medical plan to the extent that a Retained Employee's condition would not have operated as a preexisting condition limitation under the Company's group medical plan, (ii) cause any employee pension benefit plan (as such term is defined in section 3(2) of ERISA) which is intended to be qualified under Section 401 of the Code to be amended to provide that the Retained Employees shall receive credit for participation and vesting purposes under such plan for their period of employment with the Company and its predecessors to the extent such predecessor employment was recognized by the Company, and (iii) credit the Retained Employees under each other employee benefit plan or policy which is not described in clause (ii) above for their period of employment with the Company or its predecessors to the extent such predecessor employment was recognized by the Company, but not in excess of the maximum credit available to Lomak's employees under such plan or policy. At the Effective Time, Lomak shall assume, and shall, and shall cause the Surviving Corporation to, honor and perform all obligations of the Company under (i) the employment arrangements described in Schedule 6.1(m), (ii) the Company's employment agreements with each of Michael V. Ronca and Michael L. Harvey, as in effect on the date hereof and as may be amended in the manner described in Schedule 6.1(m), (iii) the Company Employee Plan and all Amended and Restated Non-Qualified Stock Option Agreements executed thereunder, as same may be amended as contemplated by Section 3.3 hereof and (iv) the Company Director Plan and all stock option grant agreements executed thereunder, as the same may be amended as contemplated by Section 3.3 hereof.

Section 7.12 Lomak Board. Lomak shall take action to cause the number of directors on the Lomak Board immediately after the Effective Time to be increased by two directors and shall cause the President of the Company and Chairman of the Board of the Company elected to the Board of Directors immediately after the Effective Time. Lomak agrees to nominate such newly appointed directors for election by Lomak's stockholders at Lomak's 1999 Annual Meeting of Stockholders.

Section 7.13 Stockholders Meetings.

(a) Approval of the Company Stockholders. The Company shall, as promptly as reasonably practicable after the date hereof (i) take all steps reasonably necessary to call, give notice of, convene and hold a special meeting of its stockholders (the "Company Special Meeting") for the purpose of securing the Company Stockholder Approval, (ii) distribute to its stockholders the Proxy Statement/Prospectus in accordance with applicable federal and state law and with its certificate of incorporation and bylaws, which Proxy Statement/Prospectus shall contain the recommendation of the Board of Directors of the Company that its stockholders approve the Merger, this Agreement and the transactions contemplated hereby, (iii) use all reasonable efforts to solicit from its stockholders proxies in favor of the approval and adoption of the Merger, this Agreement and the transactions contemplated hereby and to secure the Company Stockholder Approval, and (iv) cooperate and

consult with Lomak with respect to each of the foregoing matters. The parties acknowledge that, in lieu of the Company Special Meeting, the Company Stockholder Approval may be obtained by the execution of written stockholder consents pursuant to Section 228 of the DGCL by the holders of at least a majority of the outstanding shares of Company Common Stock, and that in such event, the Registration Statement shall include an information statement with respect to the holders of Company Common Stock pursuant to Section 14(c) under the Exchange Act.

(b) Approval of Lomak Stockholders. Lomak shall, as promptly as reasonably practicable after the date hereof (i) take all steps reasonably necessary to call, give notice of, convene and hold a special meeting of its stockholders (the "Lomak Special Meeting") for the purpose of securing the Lomak Stockholder Approval, (ii) distribute to its stockholders the Proxy Statement/Prospectus in accordance with applicable federal and state law and its certificate of incorporation and bylaws, which Proxy Statement/Prospectus shall contain the recommendation of the Lomak Board of Directors that its stockholders approve the Stock Issuance and (iii) use all reasonable efforts to solicit from its stockholders proxies in favor of the approval of the Stock Issuance and to secure the Lomak Stockholder Approval, and (iv) cooperate and consult with the Company with respect to each of the foregoing matters. Lomak, as the sole stockholder of Merger Sub, has consented to the adoption of this Agreement by Merger Sub and agrees that such consent shall be treated for all purposes as a vote duly adopted at a meeting of the stockholders of Merger Sub held for this purpose.

(c) Meeting Date. The Lomak Special Meeting and the Company Special Meeting shall be held on the same day unless otherwise agreed by Lomak and the Company.

Section 7.14 Preparation of the Proxy Statement/Prospectus and Registration Statement.

(a) Lomak and the Company shall promptly prepare and file with the SEC a preliminary version of the Proxy Statement/Prospectus and will use all reasonable efforts to respond to the comments of the SEC in connection therewith and to furnish all information required to prepare the definitive Proxy Statement/Prospectus. Each of Lomak and the Company shall use all reasonable efforts to have the Registration Statement declared effective under the Securities Act as promptly as practicable after such filing and to keep the Registration Statement effective as long as is necessary to consummate the Merger. Lomak shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified or filing a general consent to service of process in any jurisdiction) required to be taken under any applicable state securities laws in connection with the issuance of Lomak Common Stock in the Merger and the Company shall furnish all information concerning the Company and the holders of shares of the Company Common Stock as may be reasonably requested in connection with any such action. The Company authorizes Lomak to utilize in the Registration Statement the information concerning the Company and its Subsidiaries provided to Lomak for the purpose of inclusion in the Proxy Statement/Prospectus. The Company shall have the right to review and comment on the form of proxy statement and prospectus included in the Registration Statement. Promptly after the effectiveness of the Registration Statement, each of Lomak and the Company shall cause the Proxy Statement/Prospectus to be mailed to its respective stockholders, and if necessary, after the definitive Proxy Statement/Prospectus shall have been mailed, promptly circulate amended, supplemented or supplemental proxy materials and, if required in connection therewith, resolicit proxies. Lomak shall advise the Company and the

Company shall advise Lomak, as applicable, promptly after it receives notice thereof, of the time when the Registration Statement shall become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of the qualification of the Lomak Common Stock for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Proxy Statement/Prospectus or the Registration Statement or comments thereon and responses thereto or requests by the SEC for additional information. Prior to the Effective Time or the termination of this Agreement, each party shall consult with each other with respect to any material (other than the Proxy Statement/Prospectus) that constitutes a "prospectus" relating to the Merger within the meaning of the Securities Act. Lomak shall furnish such information concerning Lomak as is necessary to cause the Proxy Statement/Prospectus, insofar as it relates to Lomak, to be prepared in accordance with this Section 7.14. Lomak agrees promptly to advise the Company if at any time prior to the Company Special Meeting (or in the case of the delivery of an information statement pursuant to Section 14(c) under the Exchange Act, the date of mailing thereof) any information provided by Lomak in the Proxy Statement/Prospectus becomes incorrect or incomplete in any material respect, and to provide the information needed to correct such inaccuracy or omission. The Company shall furnish Lomak such information concerning the Company and its Subsidiaries as is necessary to cause the Proxy Statement/Prospectus, insofar as it relates to the Company and its Subsidiaries, to be prepared in accordance with this Section 7.14. The Company agrees promptly to advise Lomak if at any time prior to the Lomak Special Meeting any information provided by the Company in the Proxy Statement/Prospectus becomes incorrect or incomplete in any material respect, and to provide the information needed to correct such inaccuracy or omission.

(b) Letter of Lomak's Accountants. Following receipt by Arthur Andersen LLP, Lomak's independent auditors, of an appropriate request from the Company pursuant to SAS No. 72, Lomak shall use all reasonable efforts to cause to be delivered to the Company a letter of Arthur Andersen LLP, dated a date within two business days before the effective date of the Registration Statement, and addressed to the Company, in form and substance reasonably satisfactory to the Company and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements and proxy statements similar to the Proxy Statement/Prospectus. Lomak shall also use all reasonable efforts to obtain from Arthur Andersen LLP any consents of such firm required in connection with the filing of the Proxy Statement/Prospectus with the SEC.

(c) Letter of the Company's Accountants. Following receipt by Deloitte & Touche LLP, the Company's independent auditors, of an appropriate request from Lomak pursuant to SAS No. 72, the Company shall use all reasonable efforts to cause to be delivered to Lomak a letter of Deloitte & Touche LLP, dated a date within two business days before the effective date of the Registration Statement, and addressed to Lomak, in form and substance satisfactory to Lomak and customary in scope and substance for "cold comfort" letters delivered by independent public accountants in connection with registration statements and proxy statements similar to the Proxy Statement/Prospectus. The Company shall also use all reasonable efforts to obtain from Deloitte & Touche LLP any consents of such firm required in connection with the filing of the Proxy Statement/Prospectus with the SEC.

Section 7.15 Stock Exchange Listing. Lomak shall use all reasonable efforts to cause the Lomak Common Stock to be issued in the Merger to be approved for listing on the NYSE prior to the Effective Time, in each case, subject to official notice of issuance.

Section 7.16 Notice of Certain Events. Each party to this Agreement shall promptly as reasonably practicable notify the other parties hereto of:

(a) any notice or other communication from any Person alleging that the consent of such Person (or other Person) is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(c) any actions, suits, claims, investigations or proceedings commenced or, to the best of its knowledge, threatened against, relating to or involving or otherwise affecting it or any of its Subsidiaries which, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Sections 4.10, 4.12, 5.10 or 5.12 or which relate to the consummation of the transactions contemplated by this Agreement;

(d) any notice of, or other communication relating to, a default or event that, with notice or lapse of time or both, would become a default, received by it or any of its Subsidiaries subsequent to the date of this Agreement, under any material agreement; and

(e) any Company Material Adverse Effect or Lomak Material Adverse Effect or the occurrence of any event which is reasonably likely to result in a Company Material Adverse Effect or a Lomak Material Adverse Effect, as the case may be.

Section 7.17 Site Inspections. Subject to compliance with applicable law (including applicable Environmental Laws), from the date hereof until the Effective Time, each of the parties hereto may undertake (at that party's sole cost and expense) an environmental assessment or assessments (an "Assessment") of any other party's operations, business and/or properties that are the subject of this Agreement. An Assessment may include, but not be limited to, a review of permits, files and records, as well as visual and physical inspections and testing. Before conducting an Assessment, the party intending to conduct such Assessment (the "Inspecting Party") shall confer with the party whose operations, business or property is the subject of such Assessment (the "Inspected Party") regarding the nature, scope and scheduling of such Assessment, and shall comply with such conditions as the Inspected Party may reasonably impose to avoid interference with the Inspected Party's operations or business. The Inspected Party shall cooperate in good faith with the Inspecting Party's effort to conduct an Assessment.

Section 7.18 Chief Operating Officer. Immediately after the Effective Time, Michael V. Ronca shall be elected by the Lomak Board of Directors as Chief Operating Officer of Lomak.

Section 7.19 Charter Amendments; Name. At the Effective Time, the name of Lomak shall be changed to "Range Resources Corporation" (the "Name Change"), and Lomak shall use all

reasonable efforts to take such actions as are necessary to amend the Certificate of Incorporation of Lomak to reflect the Name Change; provided, however, that obtaining the requisite stockholder approval to effect the Name Change shall not constitute a condition to the obligations of either party to consummate the transactions contemplated by this Agreement.

Section 7.20 Voting Agreement. Concurrently with the execution of this Agreement, Lomak shall enter into the Voting Agreement with the Principal Stockholder regarding, among other things, the voting of shares of Company Common Stock. Concurrently with the execution of this Agreement, Lomak and the Principal Stockholder shall enter into the Stock Purchase Agreement, pursuant to which Lomak shall agree, on the terms and subject to the conditions set forth therein, to acquire at least 3,250,000 of the outstanding shares of Company Common Stock for $13.50 per share in cash.

ARTICLE VIII

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 8.1 Conditions to the Obligation of Each Party. The respective obligations of each party to effect the Merger shall be subject to the fulfillment at or prior to the Effective Time of the following conditions, any or all of which may be waived in whole or in part by the party being benefitted thereby, to the extent permitted by applicable law:

(a) The Company Stockholder Approval and the Lomak Stockholder Approval shall have been obtained.

(b) No action, suit or proceeding instituted by any Governmental Authority shall be pending and no statute, rule or regulation and no injunction, order, decree or judgment of any court or Governmental Authority of competent jurisdiction shall be in effect which would prohibit, restrain, enjoin or restrict the consummation of the Merger.

(c) The Registration Statement shall have become effective in accordance with the provisions of the Securities Act and shall be effective at the Effective Time, and no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceeding for such purpose shall be pending before or threatened by the SEC.

(d) Each of the Company and Lomak shall have obtained such permits, authorizations, consents, or approvals required to be obtained by such party (or its Subsidiaries or Affiliates) to consummate the transactions contemplated hereby.

(e) The shares of Lomak Common Stock to be issued in the Merger shall have been approved for listing on the NYSE subject to official notice of issuance.

(f) Any applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired.

Section 8.2 Conditions to the Obligations of Lomak and Merger Sub. The obligation of Lomak and Merger Sub to effect the Merger is subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived in whole or in part by Lomak and Merger Sub, as the case may be, to the extent permitted by applicable law:

(a) The Company shall have performed in all material respects its obligations under this Agreement required to be performed by it at or prior to the Effective Time and the representations and warranties of the Company contained in this Agreement shall be true and correct in all respects, in each case except for such failures to be so true and correct (without giving effect for purposes of this Section 8.2(a) to the individual materiality standards otherwise contained in Article IV hereof) which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, in each case as of the date of this Agreement and at and as of the Effective Time as if made at and as of such time, except as expressly contemplated by this Agreement, and Lomak shall have received a certificate of the President and Chief Executive Officer and Chief Financial Officer of the Company as to the satisfaction of this condition.

(b) The transactions contemplated by the Stock Purchase Agreement shall have been consummated on or prior to the Effective Time in accordance with the terms thereof, and as a result of such transactions, Lomak shall have acquired at least 3,250,000 shares of outstanding Company Common Stock.

Section 8.3 Conditions to the Obligations of the Company. The obligation of the Company to effect the Merger is subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived in whole or in part by the Company to the extent permitted by applicable law:

(a) Each of Lomak and Merger Sub shall have performed in all material respects its obligations under this Agreement required to be performed by it at or prior to the Effective Time and the representations and warranties of each of Lomak and Merger Sub contained in this Agreement, shall be true and correct in all respects, in each case except for such failures to be so true and correct (without giving effect for purposes of this Section 8.3(a) to the individual materiality standards otherwise contained in Article V hereof) which would not, individually or in the aggregate, reasonably be expected to have a Lomak Material Adverse Effect, in each case as of the date of this Agreement and at and as of the Effective Time as if made at and as of such time, except as expressly contemplated by this Agreement, and the Company shall have received a certificate of the President and Chief Executive Officer and Chief Financial Officer of Lomak and an executive officer and the chief financial officer of Merger Sub as to the satisfaction of this condition.

ARTICLE IX

SURVIVAL

Section 9.1 Survival of Representations and Warranties. The representations and warranties of the parties contained in this Agreement shall not survive the Closing.

Section 9.2 Survival of Covenants and Agreements. The covenants and agreements of the parties to be performed after the Closing contained in this Agreement shall survive the Closing.

ARTICLE X

TERMINATION, AMENDMENT AND WAIVER

Section 10.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval by the stockholders of Lomak and the Company:

(a) by the mutual written consent of the Boards of Directors of Lomak and the Company;

(b) by either Lomak or the Company if the Effective Time shall not have occurred on or before October 31, 1998 (provided that the right to terminate this Agreement under this subsection (b) shall not be available to any party who at the time of the proposed termination is in material breach of any of its obligations under this Agreement);

(c) by the Company, if there has been a material breach by Lomak or Merger Sub of any covenant or agreement set forth in this Agreement, the Voting Agreement or the Stock Purchase Agreement or if there shall be a breach by Lomak of any representation contained in Article V hereof that would result in a failure to satisfy the conditions set forth in Section 8.3(a), in each case which breach (if susceptible to cure) has not been cured in all material respects within twenty business days following receipt by Lomak of notice of such breach;

(d) by Lomak, if there has been a material breach by the Company or the Principal Stockholder of any covenant or agreement set forth in this Agreement, the Voting Agreement or the Stock Purchase Agreement, or if there shall be a breach by the Company of any representation contained in Article IV hereof that would result in a failure to satisfy the conditions set forth in Section 8.2(a) or a material breach by the Principal Stockholder of the Voting Agreement or Stock Purchase Agreement, in each case which breach (if susceptible to cure) has not been cured in all material respects within twenty business days following receipt by the Company or Principal Stockholder as applicable, of notice of such breach (the "Company Breach");

(e) by either the Company or Lomak, if there shall be any applicable domestic law, rule or regulation that makes consummation of the Merger illegal or if any judgment, injunction, order or decree of a court or other Governmental Authority of competent jurisdiction shall restrain or prohibit the consummation of the Merger, and such judgment, injunction, order or decree shall become final and nonappealable; or

(f) by either the Company or Lomak, if the stockholder approvals referred to in Section 7.13 shall not have been obtained by reason of the failure to obtain the requisite vote upon a vote at a duly held meeting of stockholders or at any adjournment or postponement thereof.

Section 10.2 Effect of Termination. In the event of termination of the Agreement and the abandonment of the Merger pursuant to this Article X, all obligations of the parties shall terminate, except the obligations of the parties pursuant to this Section 10.2 and except for the provisions of Sections 7.5, 7.7 and 11.8 and the last two sentences of Section 7.1, provided that nothing herein shall relieve any party from liability for any willful breaches hereof.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices or communications hereunder shall be in writing (including facsimile or similar writing) addressed as follows:

To Lomak or Merger Sub:

Lomak Petroleum, Inc.
500 Throckmorton Street, Suite 1900
Fort Worth, Texas 76102
Attention: John H. Pinkerton
Facsimile No.: (817) 870-2316

With a copy to:

Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: J. Mark Metts
Facsimile No.: (713) 615-5605

To the Company:

Domain Energy Corporation
16801 Greenspoint Park Drive, Suite 200
Houston, Texas 77060
Attention: Michael V. Ronca
Facsimile No.: (281) 618-1977

With copies to:

Weil, Gotshal & Manges LLP
700 Louisiana, Suite 1600
Houston, Texas 77002
Attention: James L. Rice III
Facsimile No.: (713) 224-9511

and:

First Reserve Fund VII, Limited Partnership
c/o First Reserve Corporation
1801 California Street, Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison
Facsimile No.: (303) 382-1275

Any such notice or communication shall be deemed given (a) when made, if made by hand delivery, and upon confirmation of receipt, if made by facsimile, (b) one Business Day after being deposited with a next-day courier, postage prepaid, or (c) three Business Days after being sent certified or registered mail, return receipt requested, postage prepaid, in each case addressed as above (or to such other address as such party may designate in writing from time to time).

Section 11.2 Separability. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof, which shall remain in full force and effect.

Section 11.3 Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns; provided, however, that neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation and any assignment in violation hereof shall be null and void.

Section 11.4 Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.5 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same Agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each party.

Section 11.6 Entire Agreement. This Agreement (together with the Company Disclosure Schedules and the Lomak Disclosure Schedules) represents the entire Agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the parties hereto with respect to the subject matter hereof.

Section 11.7 Governing Law. This Agreement shall be construed, interpreted, and governed in accordance with the laws of Delaware, without reference to rules relating to conflicts of law.

Section 11.8 Attorneys' Fees. If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief which may be awarded.

Section 11.9 No Third Party Beneficiaries. Except as provided in Section 7.3, no Person or entity other than the parties hereto is an intended beneficiary of this Agreement or any portion hereof.

Section 11.10 Disclosure Schedules. The disclosures made on any disclosure schedule, including the Company Disclosure Schedule and the Lomak Disclosure Schedule, with respect to any representation or warranty shall be deemed to be made with respect to any other representation or warranty requiring the same or similar disclosure to the extent that the relevance of such disclosure to other representations and warranties is evident from the face of the disclosure schedule. The inclusion of any matter on any disclosure schedule will not be deemed an admission by any party that such listed matter is material or that such listed matter has or would have a Company Material Adverse Effect or a Lomak Material Adverse Effect, as applicable.

Section 11.11 Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified except by an instrument in writing signed by all the parties hereto. This Agreement may be amended by the parties hereto, by action taken by their respective Board of Directors, at any time before or after approval of matters presented in connection with the Merger by the stockholders of Lomak, Merger Sub and the Company, but after any such stockholder approval, no amendment shall be made which by law requires the further approval of stockholders without obtaining such further approval.

Section 11.12 No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

LOMAK PETROLEUM, INC.

By:_____
John H. Pinkerton
President and Chief Executive Officer

DEC ACQUISITION, INC.

By:_____
John H. Pinkerton
President

DOMAIN ENERGY CORPORATION

By:_____
Michael V. Ronca
President and Chief Executive Officer

Exhibit 2.2

FIRST AMENDMENT
TO
AGREEMENT AND PLAN OF MERGER

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER, dated May 12, 1998 (this "Amendment"), to the Agreement and Plan of Merger, dated as of May 12, 1998, by and among Lomak Petroleum, Inc., a Delaware corporation ("Lomak"), Domain Energy Corporation, a Delaware corporation (the "Company"), and DEC Acquisition, Inc., a Delaware corporation ("Merger Sub").

WITNESSETH:

WHEREAS, Lomak, the Company and Merger Sub are parties to an Agreement and Plan of Merger, dated as of May 12, 1998 (the "Original Merger Agreement"), providing for the merger of Merger Sub with and into the Company on the terms and conditions set forth therein; and

WHEREAS, Lomak, the Company and Merger Sub desire to amend the Original Merger Agreement.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements herein contained and other valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the parties hereto hereby, intending to be legally bound, represent, warrant, covenant and agree as follows:

1. Capitalized terms used and not defined herein shall have the meaning given to such terms in the Original Merger Agreement.

2. The Company hereby represents and warrants to Lomak and Merger Sub as follows, which representations and warranties shall be deemed to form part of the representations and warranties of the Company included in Article IV of the Original Merger Agreement for all purposes of the Original Merger Agreement:

(a) First Reserve Fund VII, Limited Partnership (the "Principal Stockholder") is the record owner of 7,820,718 shares of Company Common Stock;

(b) on the date hereof, 7,553,860 votes constituted a majority of the outstanding voting power of Company Common Stock; and

(c) on the date hereof, the Principal Stockholder has delivered a written consent to the Company approving and adopting the Original Merger Agreement in accordance with applicable law, including without limitation the DGCL, and such consent will, upon mailing by the Company of the notice as described in Section 3 below, constitute the Company Stockholder Approval and no other approvals of the stockholders of the Company other than such consent are required to effect the Merger.

3. The Company will, promptly after the execution of this Amendment, mail, in accordance with Section 228(d) of the DGCL, notice of the corporation action without a meeting taken by the Principal Stockholder to those Company stockholders who have not consented to such action in writing and who, if the action had been taken at a meeting of Company stockholders, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take such action were delivered to the Company in accordance with Section 228(c) of the DGCL. The covenant of the Company in this Section 3 shall be deemed to form part of the covenants of the Company included in Article VII of the Original Merger Agreement for all purposes of the Original Merger Agreement.

4. All references to "Proxy Statement/Prospectus" in the Original Merger Agreement shall be deemed in all cases in the Original Merger Agreement to include the information statement required to be sent to the Company's stockholders pursuant to Section 14(c) of the Exchange Act in connection with the Principal Stockholder's consent described in this Amendment.

5. Notwithstanding anything contained in the Original Merger Agreement to the contrary, including without limitation Section 7.13 thereof, the Company shall not be required to hold the Company Special Meeting.

6. This Amendment shall constitute an Ancillary Agreement for all purposes of the Original Merger Agreement.

7. The validity, interpretation, construction and performance of this Amendment shall be governed by, and construed in accordance with, the laws of Delaware without reference to rules relating to conflicts of laws.

8. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to each party.

9. Except as expressly modified and amended by this Amendment, the Original Merger Agreement shall continue in full force and effect and is hereby ratified and confirmed in all respects.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Lomak, the Company and Merger Sub have duly executed this Amendment on the date first above written.

LOMAK PETROLEUM, INC.

By:

John H. Pinkerton
President and Chief Executive Officer

DEC ACQUISITION, INC.

By:

John H. Pinkerton
President

DOMAIN ENERGY CORPORATION

By:

Michael V. Ronca
President and Chief Executive Officer

Exhibit 2.3

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement"), is made and entered into on May 12, 1998, by and between Lomak Petroleum, Inc., a Delaware corporation ("Lomak"), and First Reserve Fund VII, Limited Partnership, a Delaware limited partnership ("FRLP").

W I T N E S S E T H:

WHEREAS, FRLP beneficially owns shares of common stock, par value $.01 per share (the "Domain Common Stock"), of Domain Energy Corporation, a Delaware corporation ("Domain").

WHEREAS, FRLP desires to sell to Lomak, and Lomak desires to purchase from FRLP, 3,250,000 shares of Domain Common Stock (the "Shares") on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale. FRLP agrees to sell, assign, transfer, and convey to Lomak, and Lomak agrees to purchase, accept and receive from FRLP on July 1, 1998 (the "Effective Date"), the Shares at a price equal to $13.50 per Share, for an aggregate purchase price of $43,875,000 (the "Purchase Price"). On the Effective Date, Lomak shall deliver to FRLP the Purchase Price in immediately available funds and FRLP shall deliver to Lomak certificates representing all of the Shares, accompanied by stock powers duly executed in blank for transfer by the record holders thereof, together with such other documents and instruments, if any, as may be necessary to permit Lomak to acquire the Shares free and clear of any and all claims, liens, pledges, charges, encumbrances, security interests or other restrictions of any kind whatsoever adverse to Lomak (collectively, "Encumbrances"). Notwithstanding the foregoing, if between the date of this Agreement and the Effective Date the outstanding shares of Domain Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Shares to be sold pursuant hereto and the Purchase Price per share shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares.

2. Representations and Warranties of Lomak. Lomak hereby represents and warrants to FRLP that as of the date of this Agreement and the Effective Date:

(a) Lomak is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate authority to execute and deliver this Agreement and to perform all of the transactions contemplated by this Agreement to be performed by it;

(b) The execution and delivery by Lomak of this Agreement, and the consummation of the transactions contemplated by this Agreement to be performed by Lomak, have

been duly authorized by all necessary corporate action on the part of Lomak, and this Agreement will, when executed and delivered by FRLP, constitute a valid and binding obligation of Lomak, enforceable against Lomak in accordance with its terms;

(c) There are no actions or proceedings pending or threatened against Lomak before any court or administrative agency which do or will adversely affect Link's ability to perform its obligations under this Agreement;

(d) Neither this Agreement nor the consummation of the transactions contemplated herein conflict with or result in a breach, default or violation of (i) any of the terms, provisions or conditions of the Certificate of Incorporation or Bylaws of Lomak or (ii) any agreement, proxy, document, instrument, judgment, decree, order, governmental permit, certificate, license, law, statute, rule or regulation to which Lomak is a party or to which it is subject; and

(e) No consent, action, approval or authorization of, or registration, declaration or filing with, any governmental department, commission, agency or other instrumentality or any other person or entity is required to authorize, or is otherwise required in connection with, the execution and delivery of this Agreement or Lomak's performance of the terms of this Agreement or the validity or enforceability of this Agreement.

3. Representations and Warranties of FRLP. FRLP hereby represents and warrants to Lomak that as of the date of this Agreement and the Effective Date:

(a) FRLP is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite partnership authority to execute and deliver this Agreement and to perform all of the transactions contemplated by this Agreement to be performed by it;

(b) The execution and delivery by FRLP of this Agreement, and the consummation of the transactions contemplated by this Agreement to be performed by FRLP, have been duly authorized by all necessary partnership action on the part of FRLP, and this Agreement will, when executed and delivered by Lomak, constitute a valid and binding obligation of FRLP, enforceable against FRLP in accordance with its terms;

(c) FRLP has good and valid title to the Shares, and upon delivery of the Shares to Lomak against delivery by Lomak to FRLP of the Purchase Price as provided in this Agreement, Lomak will have good and valid title to, the Shares, free and clear of any and all Encumbrances, and the sole and unrestricted voting power and power of disposition with respect thereto;

(d) There are no actions or proceedings pending or threatened against FRLP before any court or administrative agency which do or will adversely affect FRLP's ability to perform under this Agreement;

(e) Neither this Agreement nor anything provided to be done hereunder, including, without limitation, the transfer of the Shares as herein contemplated will (i) conflict with or result in a breach, default or violation of (A) any of the terms, provisions or conditions of the

Certificate of Limited Partnership or limited partnership agreement of FRLP or (B) any agreement, proxy, document, instrument, judgment, decree, order, governmental permit, certificate, license, law, statute, rule or regulation to which FRLP is a party or to which it is subject or (ii) result in the creation of any Encumbrance on any Shares; and

(f) No consent, action, approval or authorization of, or registration, declaration or filing with, any governmental department, commission, agency or other instrumentality or any other person or entity is required to authorize, or is otherwise required to permit the execution and delivery of this Agreement or FRLP's performance of the terms of this Agreement or the validity or enforceability of this Agreement.

4. Investment Representation and Acknowledgment of Lomak. Lomak acknowledges that the Shares have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state, and the Shares have not been approved by the Securities and Exchange Commission, the security commission of any state, or any other regulatory authority, nor have the merits of the Shares been passed upon by any regulatory authority. Lomak represents and warrants that it has independently assessed the risks of this investment and is purchasing the Shares from FRLP for investment only and not with a view or intent to resell or distribute all or any part of the Shares acquired from FRLP.

5. Further Assurances. Each of the parties will, at any time, upon the request of any other party hereto, take, or cause to be taken, all actions and do, or cause to be done, all things (including without limitation executing, acknowledging and delivering any additional agreements, instruments and documents) as may be necessary, appropriate or advisable in order to consummate or make effective transactions contemplated by, this Agreement.

6. Miscellaneous.

(a) NOTICES. All notices or communications hereunder shall be in writing (including facsimile or similar writing) addressed as follows:

To Lomak:

Lomak Petroleum, Inc.
500 Throckmorton Street, Suite 1900
Fort Worth, Texas 76102
Attention: John H. Pinkerton
Facsimile No.: (817) 870-2316

With a copy to:

Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: J. Mark Metts
Facsimile No.: (713) 615-5605

To FRLP:

First Reserve Fund VII, Limited Partnership
c/o First Reserve Corporation
1801 California St., Suite 4110
Denver, Colorado 80202
Attention: Thomas R. Denison
Facsimile No.: (303) 382-1275

With a copy to:

Gibson, Dunn & Crutcher LLP
1801 California St., Suite 4100
Denver, Colorado 80202
Attention: Richard M. Russo
Facsimile No.: (303) 296-5310

Any such notice or communication shall be deemed given (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by facsimile, (ii) one business day after being deposited with a next-day courier, postage prepaid, or (iii) three business days after being sent certified or registered mail, return receipt requested, postage prepaid, in each case addressed as above (or to such other address as such party may designate in writing from time to time).

(b) SEPARABILITY. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

(c) ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns; provided, however, that neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation and any assignment in violation hereof shall be null and void.

(d) INTERPRETATION. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same Agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each party.

(f) ENTIRE AGREEMENT. This Agreement represents the entire Agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the parties hereto with respect to the subject matter hereof.

(g) GOVERNING LAW. This Agreement shall be construed, interpreted, and governed in accordance with the laws of Delaware, without reference to rules relating to conflicts of law.

(h) ATTORNEYS' FEES. If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief which may be awarded.

(i) AMENDMENTS, WAIVERS, ETC. This Agreement may not be amended, changed, supplemented, waived or otherwise modified except by an instrument in writing signed by all the parties hereto.

(j) NO WAIVER. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(k) SPECIFIC PERFORMANCE. Each party recognizes that its failure to carry out the terms of this Agreement could result in financial injury to the other party which would be substantial and not susceptible of measurement. Accordingly, each party agrees that the other party shall be entitle to (i) require such party specifically to perform its obligations under this Agreement and (ii) sue in any court of competent jurisdiction to obtain such specific performance.

(l) WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

LOMAK PETROLEUM, INC.

By:

John H. Pinkerton
President and Chief Executive Officer

FIRST RESERVE FUND VII,
LIMITED PARTNERSHIP

By: First Reserve Corporation,
its general partner

By:

Name:

Title:

Exhibit 2.4

VOTING AND STANDSTILL AGREEMENT

VOTING AND STANDSTILL AGREEMENT ("Agreement") dated May 12, 1998, between Lomak Petroleum, Inc., a Delaware corporation ("Lomak"), and First Reserve Fund VII, Limited Partnership, a Delaware limited partnership ("FRLP").

W I T N E S S E T H:

WHEREAS, FRLP beneficially owns, and has the right to vote, 7,820,718 shares (the "Shares") of common stock, par value $.01 per share ("Domain Common Stock"), of Domain Energy Corporation, a Delaware corporation ("Domain"), which represent at least a majority of the shares of Domain Common Stock outstanding on the date hereof;

WHEREAS, Lomak is prepared to enter into an Agreement and Plan of Merger with Domain (as amended from time to time, the "Merger Agreement") providing for the merger of a wholly owned subsidiary of Lomak into Domain and the conversion in such merger of each share of Domain Common Stock into the number of shares of common stock, par value $.01 per share, of Lomak (the "Lomak Common Stock") as set forth in the Merger Agreement (the "Merger");

WHEREAS, pursuant to the Merger, FRLP would receive a substantial block of Lomak Common Stock;

WHEREAS, FRLP fully supports the Merger and, in order to encourage Lomak to enter into the Merger Agreement with Domain, FRLP is willing to enter into certain arrangements with respect to (i) the Shares (ii) the shares of Lomak Common Stock to be beneficially owned by the FRLP Group as a result of the Merger and (iii) any shares of Lomak Common Stock beneficially owned by any member of the FRLP Group from time to time other than (x) the number of shares of Lomak Common Stock representing the excess on the date hereof of 19.9% of the outstanding shares of Lomak Common Stock over the number of shares of Lomak Common Stock to be beneficially owned by the FRLP Group in the aggregate as a result of the Merger and (y) any shares of Lomak Common Stock that may be acquired by any member of the FRLP Group as a result of any acquisition transaction, business combination or similar transaction other than the transactions contemplated by the Merger Agreement after the consummation of the Merger (the shares described in clauses (x) and (y) shall be collectively referred to herein as the "Exempt Lomak Shares" and any shares of Lomak Common Stock described in clauses (ii) and (iii) other than the Exempt Lomak Shares shall be referred to herein as the Lomak Shares);

NOW THEREFORE, in consideration of the premises set forth above, the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Term. Except as otherwise expressly provided herein, the respective covenants and agreements of Lomak and FRLP contained in this Agreement will continue in full force and effect until the second anniversary of the consummation of the Merger (the "Termination Date"). This Agreement may be terminated by the mutual written agreement of the parties.

2. FRLP's Support of the Merger. From the date hereof until April 30, 1999 or, if earlier, termination of this Agreement:

(a) FRLP will not, directly or indirectly, sell, transfer, pledge or otherwise dispose of, or grant a proxy with respect to, any Shares to any person other than Lomak or its designee, or grant an option with respect to any of the foregoing, or enter into any other agreement or arrangement with respect to any of the foregoing; provided, however, that if the Closing Date Market Price (as defined in the Merger Agreement and calculated as if the date of consummation of the Merger were the date of a proposed sale by FRLP) is greater than $17.00 per share, then FRLP may sell pursuant to transactions exempt under Rule 144 ("Rule 144") under the Securities Act of 1933, as amended (the "Securities Act") a number of Shares in the aggregate not greater than 1% of the number of outstanding shares of Domain Common Stock; provided further that in no event shall FRLP execute any sale that would result in FRLP's beneficially owning with power to vote less than an amount of Shares that, when added to the shares sold under the Stock Purchase Agreement, will aggregate a majority of the fully diluted shares of Domain Common Stock (assuming for such purposes the full exercise and conversion of all outstanding options, warrants and other rights to purchase shares of Domain Common Stock, regardless of whether such options, warrants or rights are then exercisable or "in-the-money").

(b) Neither FRLP nor any other member of the FRLP Group will, and will cause their respective officers, directors, partners, employees or other agents not to, directly or indirectly, (i) take any action to solicit, initiate or encourage any offer or proposal for, or any indication of interest in, a merger or other business combination directly or indirectly involving Domain or any subsidiary of Domain or the acquisition of a substantial equity interest in, or a substantial portion of the assets of, any third party, other than the transactions contemplated by the Merger Agreement or this Agreement (a "Domain Acquisition Proposal"), or (ii) engage in negotiations with, or disclose any nonpublic information relating to Domain or its subsidiaries, respectively, or afford access to Domain's or its subsidiaries' respective properties, books or records to, any person that may be considering making, or has made, a Domain Acquisition Proposal. FRLP shall promptly notify Lomak of all relevant terms of any such inquiries or proposals received by FRLP or any other member of the FRLP Group or by any such officer, director, partner, employee or other agent relating to any of such matters and if such inquiry or proposal is in writing, FRLP shall deliver or cause to be delivered to Lomak a copy of such inquiry or proposal. For purposes of this Agreement, the term "FRLP Group" shall collectively refer to FRLP, its general partner, First Reserve Corporation ("FRC"), managing directors and other senior officers of FRC and any affiliates or associates of any of the foregoing controlled by any of the foregoing; provided, however, that a person shall not be deemed a member of the FRLP Group if the only reason that such person would be deemed an affiliate or associate of FRLP is because it is a limited partner of FRLP.

(c) FRLP agrees that FRLP will vote all Shares beneficially owned by FRLP (i) in favor of the Merger and the Merger Agreement and (ii) subject to the provisions of paragraph (d) below, against any combination proposal or other matter that may interfere or be inconsistent with the Merger (including without limitation a Domain Acquisition Proposal). Without limiting the generality of the foregoing provisions of this paragraph (c), FRLP agrees to execute and deliver a stockholder consent pursuant to Section 228 of the Delaware General Corporation Law immediately following the execution of the Merger Agreement in favor of the Merger and Merger Agreement in form reasonably satisfactory to Domain, Lomak and their respective counsels.

(d) FRLP agrees that, if requested by Lomak, it will not, and it will cause each member of the FRLP Group not to, attend or vote any Shares beneficially owned by any such person at any annual or special meeting of stockholders at which a Domain Acquisition Proposal is being considered, or execute any written consent of stockholders relating directly or indirectly to a Domain Acquisition Proposal, during such period.

(e) FRLP shall take all affirmative steps reasonably requested by Lomak to indicate its full support for the Merger, and hereby consents to Lomak's announcement in any press release, public filing, advertisement or other document, that FRLP fully supports the Merger.

(f) Lomak and FRLP agree that they shall use all reasonable efforts to seek the successful completion of the Merger in an expeditious manner including the preparation and filing of any necessary reports under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(g) To the extent inconsistent with the provisions of this Section 2, each member of the FRLP Group hereby revokes any and all proxies with respect to such member's Shares or any other voting securities of Domain.

3. FRLP's Ownership of Lomak Voting Securities. Following the consummation of the Merger and prior to the termination of this Agreement and subject to the further provisions hereof, no member of the FRLP Group will, directly or indirectly, acting alone or in concert with others, without the prior written consent of Lomak's Board of Directors:

(a) sell, transfer, pledge, distribute or otherwise dispose of, or grant a proxy with respect to, any Lomak Shares to any person other than Lomak or its designee, or grant any option with respect to any of the foregoing, or enter into any other agreement or arrangement with respect to any of the foregoing, except as follows (and the parties acknowledge that, solely for the purposes of this paragraph (a), "FRLP Group" will exclude managing directors and officers of FRC and any of their family members and family trusts created by any of such persons or family members, but will not exclude any other affiliates of such persons controlled by such persons):

(i) after the consummation of the Merger, bona fide sales of Lomak Shares may be (x) made pursuant to a bona fide public offering otherwise satisfying the

requirements of Section 4 of this Agreement registered under the Securities Act or (y) sold pursuant to Rule 144; provided that no sales of Lomak Shares shall be made under clause (y) to any person or related group of persons who would immediately thereafter, to the knowledge of any member of the FRLP Group, beneficially own or have the right to acquire Lomak Voting Securities representing more than 1% of the total combined voting power of all Lomak Voting Securities then outstanding; provided further that in connection with any such proposed sales the FRLP Group shall use all reasonable efforts to advise Lomak of such proposed sales at least two business days prior to such sales; and

(ii) after the consummation of the Merger, FRLP may distribute all or a portion of the Lomak Shares to its partners in a pro rata distribution to the extent required by the current terms of the limited partnership agreement for FRLP, a copy of which has been provided to Lomak on or prior to the date hereof;

(b) in any manner acquire, or attempt, seek or propose to acquire (or make any request for permission with respect thereto), beneficial ownership of any Lomak Voting Securities (other than any Exempt Lomak Shares) or any option with respect to the foregoing, or enter into any other agreement or arrangement with respect to the foregoing; provided, however, that the foregoing provisions of this paragraph (b) shall not restrict or prohibit any purchase or acquisition by any member of the FRLP Group of any Exempt Lomak Shares (as same may be adjusted or reconstituted by any stock splits, stock dividends. stock combinations, recapitalizations or similar corporate changes);

(c) initiate, submit or otherwise solicit any stockholders of Lomak with respect to any proposal, including, without limitation, to seek the election or removal of one or more members of the Lomak Board of Directors, for the vote of stockholders of Lomak;

(d) become a member of or in any way participate in a "group" (other than the FRLP Group) within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to any Lomak Voting Securities;

(e) initiate or engage in, or induce or attempt to induce, or give encouragement to any other person to initiate or engage in, any acquisition or business combination proposal relating to Lomak, or any tender or exchange offer for Lomak Voting Securities, or any proxy contest or other proxy solicitation or change of control of Lomak (provided that the foregoing shall not restrict the FRLP Group's ability to sell Lomak Shares pursuant to the terms of this Agreement) or to communicate with, seek to advise, encourage or influence any person or entity, in any manner, with respect to the voting of any Lomak Voting Securities, or to become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 under the Exchange Act) with respect to Lomak;

(f) fail to be present in person or be represented by proxy at any stockholder meeting of Lomak so that all Lomak Shares of which it is the beneficial owner may be counted for the purpose of determining the presence of a quorum at any such meeting;

(g) as a stockholder, vote or cause to be voted all Lomak Shares of which any member of the FRLP Group is the beneficial owner with respect to each matter submitted to Lomak's stockholders providing for, involving, expected to facilitate or that could reasonably be expected to result in a business combination or other change in control of Lomak that has not been approved by the Lomak Board of Directors (including without limitation the election or removal of one or more Lomak directors or one or more nominees for director proposed by the Lomak Board of Directors), in the manner recommended by the Lomak Board of Directors;

(h) deposit any Lomak Shares in a voting trust, execute any written consent with respect to any such securities or subject any Lomak Shares to any arrangement or agreement with respect to the voting of such Lomak Shares (other than this Agreement); or

(i) disclose any intention, plan or arrangement, or make any public announcement (or request permission to many any such announcement) inconsistent with the foregoing.

4. Registration Rights.

(a) RIGHT TO REQUEST REGISTRATION. At any time following the six-month anniversary of the consummation of the Merger and prior to the fourth anniversary of the consummation of the Merger, upon the written request of any member of the FRLP Group, Lomak will use all reasonable efforts promptly to file (but in any event within 90 days of such request) with the Securities and Exchange Commission ("Commission") a registration statement under the Securities Act, on such appropriate form as Lomak shall select, covering the Lomak Shares then proposed to be sold by such member of the FRLP Group and will use all reasonable efforts to cause such registration statement to become effective as soon as practicable following such request; provided, however, that Lomak will not be required to file any such registration statement during any period of time (not to exceed 60 days) when Lomak (i) is contemplating a public offering of the securities of Lomak or any subsidiary thereof and, in the judgment of the managing underwriter thereof (or Lomak, if such offering is not underwritten), such filing would have a material adverse effect on the contemplated offering, (ii) is in possession of material information that it deems advisable not to then disclose in a registration statement, or (iii) is engaged in any program for the repurchase of Lomak Voting Securities which program cannot be suspended without material adverse financial effects to Lomak or without breaching any contractual obligations to which Lomak is subject; provided, however, that such suspension of the obligation to file such registration statement resulting from the occurrence of an event in clause (i), (ii) or (iii) or a series of similar or related events may not last in excess of 60 days without the consent of FRLP, which consent shall not be unreasonably withheld. In addition, Lomak shall not be required (i) to effect any registration pursuant to this Section 4(a) unless Lomak Shares representing at least 33% of the initial number of Lomak Shares (subject to adjustment for any stock splits, stock dividends. stock combinations,

recapitalizations or similar corporate changes) are to be sold by the FRLP Group or if the sale of such Lomak Shares would violate Section 3(a)(ii) hereof, or (ii) to consummate at the request of FRLP and/or any member of the FRLP Group more than one registered offering under this Section 4(a). Notwithstanding the foregoing, Lomak shall not be obligated to effect more than one registration pursuant to this Section 4(a), but such obligation shall not be deemed to have been satisfied until the sale of the registered shares is consummated.

(b) INCLUSION IN OTHER REGISTRATIONS. If Lomak shall at any time after the six-month anniversary of the consummation of the Merger and prior to the fourth anniversary of the consummation of the Merger propose the registration under the Securities Act of an offering of Lomak Voting Securities by Lomak solely for cash (regardless of whether for its own account, for the account of other security holders, or both), Lomak shall give notice as promptly as practicable of such proposed registration to FRLP, and Lomak will use all reasonable efforts to cause the offering of such Lomak Shares beneficially owned by the FRLP Group as FRLP shall request within 15 days after the receipt of such notice to be included, upon the same terms (including the method of distribution) in any such offering; provided, however, that (i) Lomak shall not be required to give notice or include such Lomak Shares in any such registration if the proposed registration is (A) a registration of a stock option or compensation plan or of securities issued or issuable pursuant to any such plan or (B) a registration of securities proposed to be issued in connection with a merger or consolidation or other business combination with another corporation or other person; (ii) Lomak shall not be required to include such number of Lomak Shares in any such registration as to which Lomak and FRLP are advised in writing by Lomak's investment banking firm that the inclusion of such Lomak Shares would in the opinion of such firm materially and adversely affect the successful marketing of the Lomak Voting Securities originally proposed to be offered and sold in such offering (provided, however, that the number of shares of Lomak Voting Securities to be sold by persons other than Lomak, including members of the FRLP Group, shall be reduced proportionately, based upon the number of shares proposed to be sold by such persons); and (iii) Lomak may, without the consent of FRLP, withdraw such registration statement and abandon the proposed offering in which FRLP has requested to participate, in which case Lomak shall have no obligations under this Section 4(b) with respect to the securities requested to be registered by FRLP.

(c) TERMS AND CONDITIONS. The registration rights of FRLP pursuant to this Section 4 are subject to the following terms and conditions:

(i) The appropriate members of the FRLP Group shall provide Lomak with such information with respect to the Lomak Shares to be sold, the plans for the proposed disposition thereof and such other information regarding such Lomak Shares and their proposed disposition as shall, in the opinion of counsel for Lomak, be necessary to enable Lomak to include in such registration statement all material facts required to be disclosed with respect to the FRLP Group and the Lomak Shares to be sold.

(ii) Lomak shall not be required to furnish any audited financial statements at the request of FRLP other than those statements customarily prepared at the end

of its fiscal year, unless (A) FRLP shall agree to reimburse Lomak for the out-of-pocket costs incurred by Lomak in the preparation of such other audited financial statements or (B) such other audited financial statements shall be required by the Commission as a condition to declaring a registration statement effective under the Securities Act.

(iii) In connection with any registration pursuant to Section 4(a) hereof, the appropriate members of the FRLP Group shall select the managing underwriter, if any, for offering related to such registration; provided, however, that the appropriate members of the FRLP Group shall consult with Lomak in connection with such selection. Nothing in this clause (iii) shall limit Lomak's ability to select any underwriter in connection with any registration effected pursuant to Section 4(b) hereof.

(iv) Lomak and FRLP each agrees in connection with any registration of Lomak Shares contemplated by this Section 4 (i) to enter into an appropriate underwriting agreement containing terms and provisions in such agreements (including reasonable lock-up provisions and, to the extent consistent with the provisions hereof, indemnification and contribution provisions) and (ii) to provide the FRLP Group and its representatives with reasonable opportunity for due diligence.

(d) REGISTRATION PROCEDURES.

(i) If and whenever Lomak is required by the provisions of Sections 4(a) or 4(b) to use all reasonable efforts to effect the registration of any Lomak Shares under the Securities Act, Lomak will, as expeditiously as possible:

(A) prepare and file with the Commission a registration statement, on Form S-3 or such other appropriate form as Lomak shall select, with respect to such securities and use all reasonable efforts to cause such registration statement to become and remain effective for a period of up to six months from the date on which the Commission declares such registration statement effective or such shorter period that will terminate when all Lomak Shares covered by such registration statement have been sold pursuant to such registration statement;

(B) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for the period specified in paragraph (A) above and comply with the provisions of the Securities Act with respect to the disposition of all Link Shares covered by such registration statement in accordance with FRLP's intended method of disposition set forth in such registration statement for such period;

(C) furnish to FRLP and to each underwriter such number of copies of the registration statement and each such amendment and supplement

thereto (in each case including all exhibits) and the prospectus included therein (including each preliminary prospectus) as such persons reasonably may request in order to facilitate the public sale or other disposition of the Lomak Shares covered by such registration statement;

(D) use all reasonable efforts to register or qualify the Lomak Shares covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as FRLP or, in the case of an underwritten public offering, the managing underwriter reasonably shall request; provided, however, that Lomak shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;

(E) use all reasonable efforts to list the Lomak Shares covered by such registration statement with any securities exchange on which the Lomak Common Stock is then listed;

(F) promptly notify FRLP and each underwriter under such registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event of which Lomak has knowledge as a result of which the prospectus contained in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare and furnish to FRLP and each underwriter under such registration statement a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Lomak Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(G) if the offering is underwritten and at the request of FRLP, use all reasonable efforts to furnish on the date that Lomak Shares are delivered to the underwriters for sale pursuant to such registration: (1) an opinion dated such date of counsel representing Lomak for the purposes of such registration, addressed to the underwriters and to FRLP, to such effects as reasonably may be requested by counsel for the underwriters or by FRLP or its counsel, and (2) a letter dated such date from the independent public accountants retained by Lomak, addressed to the underwriters and to FRLP covering such matters as are customarily covered in accountants' letters delivered to the underwriters in underwritten public offerings and such other matters as such underwriters reasonably may request; and

(H) make available for inspection by FRLP, any underwriter participating in any distribution pursuant to such registration statement, and any attorney, accountant or other agent retained by FRLP or underwriter, reasonable access to all financial and other records, pertinent corporate documents and properties of Lomak, as such parties may reasonably request, and cause Lomak's officers, directors and employees to supply all information reasonably requested by FRLP or any such underwriter, attorney, accountant or agent in connection with such registration statement.

(ii) In connection with each registration hereunder, FRLP will furnish to Lomak in writing such information requested by Lomak with respect to itself and the proposed distribution by it as reasonably shall be necessary in order to assure compliance with federal and applicable state securities laws.

(iii) Lomak will permit FRLP to participate in good faith in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to Lomak in writing, which in the reasonable judgment of FRLP, its counsel and Lomak should be included.

(iv) Lomak will otherwise cooperate in such manner as may be reasonably requested by FRLP in the marketing of all Lomak Shares to be sold, including, without limitation, participating in any customary "road shows" and related presentations to prospective purchasers in connection therewith.

(v) In connection with each registration pursuant to Sections 4(a) or 4(b) covering an underwritten public offering, Lomak and FRLP agree to enter into a written agreement with the managing underwriter selected in the manner herein provided in such form and containing such provisions as are customary in underwritten offerings.

(e) Expenses. Lomak shall pay for all expenses incurred by Lomak in complying with Sections 4(a) and 4(b), including, without, limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel and independent public accountants for Lomak, fees and expenses (including counsel fees) incurred in connection with complying with state securities or "blue sky" laws, fees of the securities exchange upon which the common stock of Lomak is then listed, transfer taxes, fees of transfer agents and registrars and the reasonable fees and disbursements of counsel to FRLP in connection with such registration, but excluding any underwriting discounts and selling commissions applicable to the sale of Lomak Shares (which discounts and commissions shall be paid by FRLP).

(f) INDEMNIFICATION AND CONTRIBUTION.

(i) In the event of a registration of any of the Lomak Shares under the Securities Act pursuant to Sections 4(a) or 4(b), Lomak will indemnify and hold harmless

FRLP, its officers and directors, each underwriter of such Lomak Shares thereunder and each other person, if any, who controls FRLP or such underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which FRLP or such officer, director, underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Lomak Shares were registered under the Securities Act pursuant to Sections 4(a) or 4(b), any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, (B) any blue sky application or other document executed by Lomak specifically for that purpose or based upon written information furnished by Lomak filed in any state or other jurisdiction in order to qualify any or all of the Lomak Shares under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"), (C) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (D) any violation by Lomak or its agents of any rule or regulation promulgated under the Securities Act applicable to Lomak or its agents and relating to action or inaction required of Lomak in connection with such registration, or (E) any failure to register or qualify the Lomak Shares in any state where Lomak or any of its agents has affirmatively undertaken or agreed in writing that Lomak will undertake such registration or qualification on FRLP's behalf (provided that in such instance Lomak shall not be so liable if it has undertaken its reasonable efforts so to register or qualify the Lomak Shares) and will reimburse FRLP and each such officer, director, underwriter and controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Lomak will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by FRLP, any such underwriter or any such controlling person in writing specifically for use in such registration statement or prospectus, and provided further, that Lomak shall not be liable to any person who participates as an underwriter, in the offering or sale of Lomak Shares or any other person, if any, who controls such underwriter within the meaning of the Securities Act, in any such case to the extent that any such loss, claim, damage or liability arises out of or is based on such person's failure to send or give a copy of the final prospectus, as the same may be then supplemented or amended, to the person asserting an untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Lomak Shares to such person if such statement or omission was corrected in such final prospectus. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of FRLP or any such director, officer, underwriter or controlling person and shall survive the transfer of such securities by FRLP.

(ii) In the event of a registration of any of the Lomak Shares under the Securities Act pursuant to Sections 4(a) or 4(b), FRLP will indemnify and hold harmless

Lomak, each person, if any, who control Lomak within the meaning of the Securities Act, each officer and director of Lomak, each underwriter and each person who controls any underwriter within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which Lomak or such officer, director, underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (A) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such Lomak Shares were registered under the Securities Act pursuant to Sections 4(a) or 4(b), any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, (B) any Blue Sky Application and (C) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse Lomak and each such officer, director, underwriter and controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that FRLP will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information pertaining to FRLP, as such, furnished in writing to Lomak by FRLP specifically for use in such registration statement or prospectus, and provided further, that the liability of FRLP hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense which is equal to the proportion that the public offering price of the Lomak Shares sold by FRLP under such registration statement bears to the total public offering price of all securities sold thereunder, but not in any event to exceed the proceeds received by FRLP from the sale of Lomak Shares covered by such registration statement. Not in limitation of the foregoing, it is understood and agreed that the indemnification obligations of FRLP hereunder pursuant to any underwriting agreement entered into in connection herewith shall be limited to the obligations contained in this Section 4(d)(ii).

(iii) Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to such indemnified party other than under this Section 4(e) and shall only relieve it from any liability which it may have to such indemnified party under this Section 4(e) if and to the extent the indemnifying party is prejudiced by such omission In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 4(e) for any legal expenses subsequently incurred by such indemnified party in

connection with the defense thereof other than reasonable costs of investigation; provided, however, that, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be reasonable defenses available to it which are different from or additional to those available to the indemnifying party or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, the indemnified party shall have the right to select a separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the indemnifying party as incurred. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(iv) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (A) any holder of Lomak Shares exercising rights under this Agreement, or any controlling person of any such holder, makes a claim for indemnification pursuant to this Section 4(e) but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 4(e) provides for indemnification in such case, or (B) contribution under the Securities Act may be required on the part of any such selling holder or any such controlling person in circumstances for which indemnification is provided under this Section 4(e), then, and in each case, Lomak and such holder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportions so that FRLP is responsible for the portion represented by the percentage that the public offering price of its Lomak Shares offered by the registration statement bears to the public offering price of all securities offered by such registration statement, and Lomak is responsible for the remaining portion; provided, however, that, in any such case, (A) FRLP will not be required to contribute any amount in excess of the public offering price of all such Lomak Shares offered by it pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(f) RULE 144. Lomak will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder to the extent required from time to time to enable FRLP to sell the Lomak Shares without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time, or (ii) any similar rule or regulation adopted by the Commission.

(g) AVAILABILITY OF REGISTRATION RIGHTS TO FRLP GROUP. For purposes of this Section 4, any reference to FRLP shall include members of the FRLP Group, unless the context otherwise requires.

5. Legends, Stop Transfer Orders and Notice.

(a) FRLP agrees to the placement on the certificates representing the Lomak Shares of the legends in substantially the following forms as well as any other legends required by applicable state or federal securities laws:

> "The securities represented by this certificate are subject to the provisions of a Voting and Standstill Agreement, dated May 11, 1998, between FRLP and Lomak, a copy of which is available for inspection at the office of the Secretary of Lomak."

> "These securities have not been registered under the Securities Act of 1933 or applicable state securities laws. They may not be sold, offered for sale, pledged or hypothecated in the absence of a registration statement in effect with respect to the securities under such Act or an opinion of counsel satisfactory to Lomak that such registration is not required or unless sold pursuant to Rule 144 of such Act."

(b) FRLP shall provide to Lomak (i) prior notice, as promptly as reasonably practicable, of any planned acquisition by any member of the FRLP Group pursuant to an open market buying program of more than 1% of any class of Lomak Voting Securities in a two-week period, (ii) prior notice, as reasonably practicable, of privately-negotiated purchases or proposed purchases of blocks of 10,000 or more shares of Common Stock or equivalents of Lomak by any member of the FRLP Group; (iii) prior notice, as reasonably practicable, of filings under Sections 13(d), 13(e) and 14(d) of the Exchange Act by any member of the FRLP Group with respect to any class of Lomak Voting Securities; and (iv) prompt notice of purchases of every 1% of any class of Lomak Voting Securities by any member of the FRLP Group for which notice was not previously given. FRLP shall present promptly to Lomak all certificates representing Lomak Shares of which any member of the FRLP Group is now, or hereafter becomes, the beneficial owner for the placement thereon of the legend referred to in subsection (a) above; and

(c) FRLP agrees to the entry of stop transfer orders with the transfer agent (or agents) and the registrar (or registrars) of Lomak Voting Securities against the transfer other than in compliance with the requirements of this Agreement of Lomak Shares.

6. Nomination of Director. Notwithstanding any other provision in this Agreement with respect to the term of this Agreement, until the first date, if any, that FRLP ceases to beneficially own Lomak Common Stock in an aggregate amount equal or greater than 5% of the outstanding

shares of Lomak Common Stock, Lomak will, in connection with each election of directors to the Lomak Board of Directors at an annual meeting of shareholders, nominate, as one of the director nominees proposed by Lomak, one individual designated by FRLP for election as a director; provided, however, that if a member of the FRLP Group already serves as a director of Lomak, then FRLP agrees that such person shall be FRLP's nominee pursuant to the provisions of this Section 6. Notwithstanding the foregoing, in no event shall more than one member of the FRLP Group serve on the Lomak Board of Directors at any given time.

7. Miscellaneous

(a) NOTICES. All notices or communications hereunder shall be in writing (including facsimile or similar writing) addressed as follows:

To Lomak:

Lomak Petroleum, Inc.
500 Throckmorton Street, Suite 1900
Fort Worth, Texas 76102
Attention: John H. Pinkerton
Facsimile No.: (817) 870-2316

With a copy to:

Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: J. Mark Metts
Facsimile No.: (713) 615-5605

To FRLP:

First Reserve Fund VII, Limited Partnership
c/o First Reserve Corporation
1801 California St., Suite 4110

Denver, Colorado 80202
Attention: Thomas R. Denison
Facsimile No.: (303) 382-1275

With a copy to:

Gibson, Dunn & Crutcher LLP
1801 California St., Suite 4100
Denver, Colorado 80202
Attention: Richard M. Russo
Facsimile No.: (303) 296-5310

Any such notice or communication shall be deemed given (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by facsimile, (ii) one Business Day after being deposited with a next-day courier, postage prepaid, or (iii) three Business Days after being sent certified or registered mail, return receipt requested, postage prepaid, in each case addressed as above (or to such other address as such party may designate in writing from time to time).

(b) SEPARABILITY. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

(c) ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns; provided, however, that neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation and any assignment in violation hereof shall be null and void.

(d) INTERPRETATION. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(e) COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same Agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each party.

(f) ENTIRE AGREEMENT. This Agreement represents the entire Agreement of the parties with respect to the subject matter hereof and shall supersede any and all previous contracts, arrangements or understandings between the parties hereto with respect to the subject matter hereof.

(g) GOVERNING LAW. This Agreement shall be construed, interpreted, and governed in accordance with the laws of Delaware, without reference to rules relating to conflicts of law.

(h) ATTORNEYS' FEES. If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses from the other party, which fees and expenses shall be in addition to any other relief which may be awarded.

(i) AMENDMENTS, WAIVERS, ETC. This Agreement may not be amended, changed, supplemented, waived or otherwise modified except by an instrument in writing signed by all the parties hereto.

(j) NO WAIVER. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(k) DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings:

(i) AFFILIATE. "Affiliate" shall have the meaning ascribed to it in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

(ii) BENEFICIAL OWNER. A person shall be deemed a "beneficial owner" of or to have "beneficial ownership" of Lomak Voting Securities or Shares, as the case may be, in accordance with the interpretation of the term "beneficial ownership" as defined in Rule 13-d(3) under the Exchange Act, as in effect on the date hereof, provided that a person shall be deemed to be the beneficial owner of, and to have beneficial ownership of, Lomak Voting Securities and/or Shares, as the case may be, that such person or any Affiliate of such person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrant or options, or otherwise.

(iii) DAY. The term "day" shall mean a calendar day, except that when a specified period shall terminate on a day other than a Business Day (a "Business Day" being any day other than a day on which banks are required or authorized to be closed in the City of New York) such period shall be extended until the next Business Day.

(iv) LOMAK VOTING SECURITIES. "Lomak Voting Securities" includes Common Stock and any other securities of Lomak entitled to vote generally for the election of directors, and options and rights to acquire any such securities and securities convertible into, or exercisable or exchangeable for, such securities, in each case now or hereafter outstanding.

(v) PERSON. A "person" shall mean any individual, firm, corporation, partnership, trust, limited liability company or other entity.

(l) DUE AUTHORIZATION; NO CONFLICTS. FRLP hereby represents and warrants to Lomak as follows: FRLP has full power and authority to enter into this Agreement. Neither the

execution or delivery of this Agreement nor the consummation of the transactions contemplated herein will (a) conflict with or result in a breach, default or violation of (i) any of the terms, provisions or conditions of the Certificate of Limited Partnership or limited partnership agreement or other organizational documents of any member of the FRLP Group or (ii) any agreement, proxy, document, instrument, judgment, decree, order, governmental permit, certificate, license, law, statute, rule or regulation to which any member of the FRLP Group is a party or to which it is subject, (b) except as expressly contemplated herein, result in the creation of any lien, charge or other encumbrance on any Shares or Lomak Shares or (c) require any member of the FRLP Group to obtain the consent of any private nongovernmental third party. No consent, action, approval or authorization of, or registration, declaration or filing with, any governmental department, commission, agency or other instrumentality or any other person or entity is required to authorize, or is otherwise required in connection with, the execution and delivery of this Agreement or FRLP's performance of the terms of this Agreement or the validity or enforceability of this Agreement.

(m) SPECIFIC PERFORMANCE. Each party recognizes that its failure to carry out the terms of this Agreement could result in financial injury to the other party which would be substantial and not susceptible of measurement. Accordingly, each party agrees that the other party shall be entitled to (i) require such party specifically to perform its obligations under this Agreement and (ii) sue in any court of competent jurisdiction to obtain such specific performance.

(n) WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

LOMAK PETROLEUM, INC.

By: ----------

Name: ----------

Title: ----------

FIRST RESERVE FUND VII,
LIMITED PARTNERSHIP

By: First Reserve Corporation,
its general partner

By: ----------

Name: ----------

Title: ----------

5
1,000
U.S. DOLLARS

3-MOS	
DEC-31-1998	
JAN-01-1998	
MAR-31-1998	
1	
	7,257
8,393	
23,103	
0	
1,975	
40,728	
	930,741
(180,046)	
800,252	
39,098	
	0
0	
1,150	
	211
197,697	
800,252	
	32,540
37,072	
	8,396
9,871	
22,772	
0	
8,734	
4,429	
1,660	
2,769	
0	
0	
	0
2,769	
.10	
.10	