

As filed with the Securities and Exchange Commission on April 30, 1998
 Registration No. -----

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549

 FORM S-3
 REGISTRATION STATEMENT
 Under The Securities Act Of 1933

 LOMAK PETROLEUM, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	500 Throckmorton Street	34-1312571
	Ft. Worth Texas 76102	
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(817) 870-2601	(I.R.S. EMPLOYER IDENTIFICATION NO.)

(ADDRESS, INCLUDING ZIP CODE, TELEPHONE NUMBER, INCLUDING AREA CODE, OF
 REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

 John H. Pinkerton, President
 Lomak Petroleum, Inc.
 500 Throckmorton Street Fort Worth, Texas 76102
 (817) 870-2601

(Name, address, including zip code, and telephone number, including area code,
 of agent for service)

 With a copy to:
 J. Mark Metts
 Vinson & Elkins L.L.P.
 1001 Fannin, Suite 2300
 Houston, Texas 77002-6760
 (713) 758-2222

Approximate date of commencement of proposed sale to the public: FROM TIME
 TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

If the only securities being registered on this Form are being offered
 pursuant to dividend or interest reinvestment plans, please check the following
 box. []

If any of the securities being registered on this Form are to be offered
 on a delayed or continuous basis pursuant to Rule 415 under the Securities Act
 of 1933, other than securities offered only in connection with dividend or
 interest reinvestment plans, check the following box. [x]

If this Form is filed to register additional securities for an offering
 pursuant to Rule 462(b) under the Securities Act of 1933, please check the
 following box and list the Securities Act registration number of the
 earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
 under the Securities Act, check the following box and list the Securities Act
 registration number of the earlier effective registration statement
 for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434,
 please check the following box. []

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, \$.01 par value(2).....	903,615 shares	\$ 15.38	\$ 13,897,599	\$ 4,211

 (1) Estimated solely for the purpose of computing the registration fee. This amount was calculated pursuant to Rule 457 (c) under the Securities Act of 1933, as amended, based on a price of \$15.38 (average of the high and low price of the Common Stock of Lomak Petroleum, Inc, on the New York Stock Exchange on April 28, 1998).
 (2) Includes 903,615 shares of Common Stock issued in the Trend Acquisition. No separate consideration will be received for the Lomak Common Stock.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the securities and Exchange Commission. These Securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the Securities laws of any such State.

SUBJECT TO COMPLETION, DATED APRIL 30, 1998

PROSPECTUS

LOMAK PETROLEUM, INC.
903,615 SHARES OF COMMON STOCK

Up to 903,615 shares (the "Offered Securities") of Common Stock, par value \$.01 per share (the "Lomak Common Stock") of Lomak Petroleum, Inc., a Delaware corporation ("Lomak or the "Company") may be offered for sale from time to time by a certain stockholder of the Company (the "Selling Securityholder") See "Selling Securityholder." The Company will not receive any of the proceeds from the sale of the Offered Securities by the Selling Securityholder.

The Offered Securities covered by this Prospectus may be sold by the selling Securityholder or by pledges, donees transferees or other successors in interest. Sales of Offered Securities by the Selling Securityholder may be effected from time to time in one or more transactions, including block trades, in negotiated transactions or in a combination of any such methods of sale. The selling price of the Offered Securities may be at the market price prevailing at the time of sale, at a price related to such prevailing market price or at a negotiated price. Each Selling Securityholder may be deemed an "underwriter" within the meaning of the Securities Act of 1933, as amended (the "Securities Act") See "Plan of Distribution."

The Lomak Common Stock is traded on The New York Stock Exchange (the "NYSE") under the symbol "LOM." The closing price of the Lomak Common Stock on the NYSE was \$15.38 per share on April 28, 1998.

SEE "RISK FACTORS" BEGINNING ON PAGE 6 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SECURITIES HEREBY OFFERED.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is April 30, 1998.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities of the Commission, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as the following regional offices: 7 World Trade Center, Suite 1300, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies can be obtained by mail at prescribed rates. Requests for copies should be directed to the Commission's Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a Website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, reports, proxy statements and other information concerning the Company can be inspected and copied at the offices of the NYSE, 20 Broad Street, New York, New York 10005, on which the Lomak Common Stock is listed.

The Company has filed with the Commission a Registration Statement on Form S-3 (herein together with all amendments and exhibits thereto, called the "Registration Statement") under the Securities Act with respect to the Offered Securities. This Prospectus does not contain all of the information set forth or incorporated by reference in the Registration Statement and the exhibits and schedules relating thereto, certain portions of which have been omitted as permitted by the rules and regulations of the Commission. For further information with respect to Lomak and the Offered Securities, reference is made to the Registration Statement and the exhibits filed or incorporated as a part thereof, which are on file at the offices of the Commission and may be obtained upon payment of the fee prescribed by the Commission, or may be examined without charge at the offices of the Commission or on the Commission's Web site. Statements contained in this Prospectus as to the contents of any documents referred to are not necessarily complete, and in each such instance, are qualified in all respects by reference to the applicable documents filed with the Commission.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents and information heretofore filed with the Commission by the Company are hereby incorporated by reference into this Prospectus:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, dated March 20, 1998.
2. The Company's Current Report on Form 8-K dated February 26, 1997, as amended by Form 8-K/A dated March 14, 1997.
3. The description of Lomak Common Stock contained in Lomak's Registration Statement on Form 8-A, dated July 16, 1996.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offerings made hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The Company will provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon the request of any such person, a copy of any document described above (other than exhibits, unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to Lomak Petroleum, Inc., 500 Throckmorton Street, Fort Worth, Texas 76102, Attn: Corporate Secretary, Telephone No. (817) 870-2601.

 PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Prospectus. Unless the context otherwise requires all references herein to "Lomak" or the "Company" include Lomak Petroleum, Inc. and its consolidated subsidiaries. Certain industry terms are defined in the Glossary.

THE COMPANY

Lomak is an independent energy company engaged in oil and gas development, exploration and acquisition primarily in four core areas: the Permian, Midcontinent, Gulf Coast, and Appalachia regions. Over the past seven years, the Company has significantly increased its reserves and production through acquisitions and the development and exploration of its properties. At December 31, 1997, the Company had proved reserves of 753 Bcfe with a Present Value of \$632 million. On an Mcfe basis, the reserves were 76% natural gas, with a reserve life index in excess of 15 years. Properties operated by the Company account for 98% of its total reserves. The Company's leasehold position contains 1.2 million gross acres. The Company also owns over 3,000 miles of gas gathering systems and a gas processing plant in proximity to its principal gas properties.

RECENT DEVELOPMENTS

Fuhrman-Mascho Acquisition. 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, including 554,101 shares of Lomak Common Stock. The Fuhrman-Mascho Properties include 160 producing wells and leasehold acreage covering approximately 13,600 gross acres (12,100 net acres). On a Present Value basis, the acquired reserves were 40% developed and greater than 95% operated. Additionally, the Company recorded \$12 million of deferred income taxes in connection with the acquisition.

Trend Acquisition. In March 1998, the Company completed the acquisition of oil and gas properties from Trend Exploration Company (the "Trend Acquisition") for a purchase price of \$57 million, including \$42 million in cash and \$15 million of Lomak Common Stock (the "Trend Shares"). The acquired properties encompass 14,200 gross acres, include 32 producing wells, 13 proved drilling locations, 15 unproved locations and significant exploration potential. On a BOE basis, the reserves are 85% oil and 15% natural gas. Upon completion of the acquisition Lomak assumed operations of 25 of the producing wells. Current production is 2,100 BOE per day net to Lomak's 60% average working interest.

Legal Proceedings. 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 repudiation of the contract. In April 1998, the court gave notice of its intention to grant a partial summary judgment 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 when a final judgment is entered. Accordingly, no damage amounts have been included in the Company's financial statements.

BUSINESS STRATEGY

The Company's objective is to maximize shareholder value through aggressive growth in its reserves, production, cash flow and earnings through a balanced program of development and exploratory drilling and strategic acquisitions. Management believes that the acquisitions completed since 1990 have substantially enhanced the Company's ability to increase its production and reserves through the ongoing development of the acquired properties. The Company now has over 1,600 proven recompletion and development drilling projects. With its large development inventory and expanding exploration effort, the Company believes that it can achieve significant growth in reserves, production, cash flow and earnings over the next several years, without the benefit of future acquisitions. The Company currently anticipates spending approximately \$300 million during the next three years on the development and exploration activities. Consequently, while acquisitions are expected to continue to play an important role in its future growth, the Company will focus on exploiting the potential of its larger property base. The Company's leasehold now totals approximately 1.2 million gross acres (1.0 million net acres), providing significant long-term development and exploration potential.

In order to most effectively implement its operating strategy, the Company has concentrated its activities in selected geographic areas. In each core area, the Company has established separate business units, each with operating, engineering, geological, land, acquisition and other personnel experienced in their respective area. 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 operating and developing its properties.

Development. The Company's development activities include recompletions of existing wells, infill drilling and installation of secondary recovery projects. Development projects are generated within core operating areas where the Company has significant operational and technical experience. At December 31, 1997, over 1,600 proven development projects were in inventory. Over 360 of these projects are anticipated to be initiated in 1998 at a total cost of \$77 million. Based on the projects currently in inventory, development expenditures are currently projected to total \$250 million for the next three years.

Exploration. Beginning in 1996, the Company began to conduct exploration activities on or near existing properties within its core operating areas. The Company currently has an inventory of 13 multi-prospect, higher risk, higher reward exploration projects. Each of the exploration projects includes multiple drilling prospects. The Company's exploration program targets deeper horizons within existing Company-operated fields, as well as establishing new fields in exploration trend areas in which Lomak's technical staff has experience. Lomak's strategy is based upon limiting its risk by allocating no more than 10% of its cash flow to exploration activities and by participating in a variety of projects with differing characteristics. The Company projects exploratory expenditures to range between \$8 million and \$10 million in 1998.

Acquisitions. Since 1990, 68 acquisitions have been completed for a total consideration of \$808 million. These acquisitions have been made at an average cost of \$0.70 per Mcfe. The Company's acquisition strategy has historically been based on: (i) Locale: focusing in core areas where the Company has operating and technical expertise; (ii) Efficiency: targeting acquisitions in which operating and cost efficiencies can be obtained; (iii) Reserve Potential: pursuing properties with the potential for reserve increases through recompletions and drilling; (iv) Incremental Purchases: seeking acquisitions where opportunities for purchasing additional interests in the same or adjoining properties exist; and (v) Complexity: pursuing more complex but less competitive corporate acquisitions.

The Company maintains its corporate headquarters at 500 Throckmorton Street, Fort Worth, Texas 76102 and its telephone number is (817) 870-2601.

THE OFFERING

The Issuer.....	Lomak Petroleum, Inc., a Delaware corporation.
Securities Offered.....	903,615 shares of Lomak Common Stock issued to Trend Exploration Company ("Trend").
NYSE Common Stock Symbol.....	"LOM"
Selling Securityholders.....	The Offered Securities were issued to Trend in connection with the Trend Acquisition. Trend or its transferees, pledgees, donees, or successors may from time to time offer and sell, pursuant to this Prospectus, the Offered Securities. See "Selling Securityholder."
Use of Proceeds.....	The Selling Securityholder will receive all of the proceeds from the sale of the Offered Securities. Lomak will not receive any proceeds from the sale of the Offered Securities.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider, together with the other information contained in this Prospectus, the following risk factors:

VOLATILITY OF OIL AND GAS PRICES

The Company's financial condition, operating results and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of, and demand for, oil and gas. The Company's ability to maintain or increase its borrowing capacity and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Historically the markets for oil and gas have been volatile and are likely to continue to be volatile in the future. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include weather conditions in the United States and elsewhere, the economic conditions in the United States and elsewhere, the actions of the Organization of Petroleum Exporting Countries ("OPEC"), governmental regulation, political stability in the Middle East and elsewhere, the supply and demand of oil and gas, the price of foreign imports and the availability and prices of alternate fuel sources. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the Company's carrying value of its proved reserves, borrowing capacity, the Company's ability to obtain additional capital, and its financial condition, revenues, profitability and cash flows from operations.

Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

UNCERTAINTY OF ESTIMATES OF RESERVES AND FUTURE NET REVENUES

This Prospectus contains estimates of the Company's oil and gas reserves and the future net revenues from those reserves which have been prepared by the Company and certain independent petroleum consultants. Reserve engineering is a subjective process of estimating the recovery from underground accumulations of oil and gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. Because all reserve estimates are to some degree speculative, the quantities of oil and gas that are ultimately recovered, production and operation costs, the amount and timing of future development expenditures and future oil and gas sales prices may all vary from those assumed in these estimates and such variances may be material. In addition, different reserve engineers may make different estimates of reserve quantities and cash flows based upon the same available data.

The present value of estimated future net cash flows referred to in this Prospectus should not be construed as the current market value of the estimated proved oil and gas reserves attributable to the Company's properties. In accordance with applicable requirements of the Commission, the estimated discounted future net cash flows from proved reserves are generally based on prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially higher or lower. The calculation of the Present Value of the Company's oil and gas reserves were based on prices on December 31, 1997. Average product prices at December 31, 1997 were \$16.00 per barrel of oil, \$10.27 per barrel for natural gas liquids and \$2.79 per Mcf of gas. In addition, the calculation of the present value of the future net revenues using a 10% discount as required by the Commission is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Company's reserves or the oil and gas industry in general. Furthermore, the Company's reserves may be subject to downward or upward revision based upon actual production, results of future development, supply and demand for oil and gas, prevailing oil and gas prices and other factors.

FINDING AND ACQUIRING ADDITIONAL RESERVES

The Company's future success depends upon its ability to find or acquire additional oil and gas reserves that are economically recoverable. Except to the extent the Company conducts successful exploration or development activities or acquires properties containing proved reserves, the proved reserves of the Company will generally decline as they are produced. There can be no assurance that the Company's planned development projects and acquisition activities will result in significant additional reserves or that the Company will have success drilling productive wells at economic returns. If prevailing oil and gas prices were to increase significantly, the Company's finding costs to add new reserves could increase. The drilling of oil and gas wells involves a high degree of risk, especially the risk of dry holes or of wells that are not sufficiently productive to provide an economic return on the capital expended to drill the wells. The cost of drilling, completing and operating wells is uncertain, and drilling or production may be curtailed or delayed as a result of many factors.

The Company's business is capital intensive. To maintain its base of proved oil and gas reserves, a significant amount of cash flow from operations must be reinvested in property acquisitions, development or exploration activities. To the extent cash flow from operations is reduced and external sources of capital become limited or unavailable, the Company's ability to make the necessary capital investments to maintain or expand its asset base would be impaired. Without such investment, the Company's oil and gas reserves would decline.

DEVELOPMENT AND EXPLORATION RISKS

The Company intends to increase its development and exploration activities. Exploration drilling, and to a lesser extent development drilling, involve a high degree of risk that no commercial production will be obtained or that the production will be insufficient to recover drilling and completion costs. The cost of drilling, completing and operating wells is uncertain. The Company's drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment. Furthermore, completion of a well does not assure a profit on the investment or a recovery of drilling, completion and operating costs.

ACQUISITION RISKS

The Company intends to continue acquiring oil and gas properties. It generally is not feasible to review in detail every individual property involved in an acquisition. Ordinarily, review efforts are focused on the higher-valued properties. However, even a detailed review of all properties and records may not reveal existing or potential problems nor will it permit the Company to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are not always performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

EFFECTS OF LEVERAGE

At December 31, 1997, the Company's outstanding indebtedness was \$367.1 million and the Company's ratio of total debt to total capitalization was 53.7%. The principal payment obligations of the Company's debt for 1998, 1999 and 2000 amount to \$413,000, \$12,000 and \$-0-, respectively. The Company's level of indebtedness will have several important effects on its future operations, including (i) a substantial portion of the Company's cash flow from operations must be dedicated to the payment of interest on its indebtedness and will not be available for other purposes, (ii) covenants contained in the Company's debt obligations will require the Company to meet certain financial tests, and other restrictions will limit its ability to borrow additional funds or to dispose of assets and may affect the Company's flexibility in planning for, and reacting to, changes in its businesses, including possible acquisition activities and (iii) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired. The Company's ability to meet its debt service obligations and to reduce its total indebtedness will be dependent upon the Company's future performance, which will be subject to oil and gas prices, the Company's level of production, general economic conditions and to financial, business and other factors affecting the operations of the Company, many of which are beyond its control. There can be no assurance that the Company's future performance will not be adversely affected by some or all of these factors. In addition, the Credit Agreement, (the "Credit Agreement") among the Company and several banks (the "Banks"), the indenture for the Company's 6% Convertible Debentures (the "6% Convertible Debentures") and the indenture for the Company's 8.75%

Senior Subordinated Notes (the "8.75% Notes") contain restrictions on the Company's ability to pay dividends on capital stock. Under the most restrictive of these provisions, the Company would have been able to pay up to \$18.3 million of dividends as of December 31, 1997. See "Forward-Looking Information."

CAPITAL AVAILABILITY

The Company's strategy of acquiring and developing oil and gas properties is dependent upon its ability to obtain financing for such acquisitions and development projects. The Company expects to utilize the Credit Agreement to borrow a portion of the funds required for any given transaction or project. If funds under the Credit Agreement are not available to fund acquisition and development projects, the Company would seek to obtain such financing from the sale of equity securities or other debt financing. There can be no assurance that any such other financing would be available on terms acceptable to the Company. Should sufficient capital not be available, the Company may not be able to continue to implement its strategy.

The Credit Agreement limits the amounts the Company may borrow to amounts, determined by the Banks, in their sole discretion, based upon a variety of factors including the discounted present value of the Company's estimated future net cash flow from oil and gas production (the "Borrowing Base"). At December 31, 1997 the Borrowing Base was \$325 million, of which the Company had borrowings of \$186.7 million outstanding. If oil or gas prices decline below their current levels, the availability of funds and the ability to pay outstanding amounts under the Credit Agreement could be materially adversely affected.

OPERATING HAZARDS AND UNINSURED RISKS; PRODUCTION CURTAILMENTS

The oil and gas business involves a variety of operating risks, including, but not limited to, unexpected formations or pressures, uncontrollable flows of oil, gas, brine or well fluids into the environment (including groundwater contamination), blowouts, cratering, fires, explosions, pipeline ruptures or spills, pollution and other risks, any of which could result in personal injuries, loss of life, damage to properties, environmental pollution, suspension of operations and substantial losses. Although the Company carries insurance which it believes is reasonable, it is not fully insured against all risks. The Company does not carry business interruption insurance. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on the financial condition and results of operations of the Company.

From time to time, due primarily to contract terms, pipeline interruptions or weather conditions, the producing wells in which the Company owns an interest have been subject to production curtailments. The curtailments vary from a few days to several months. In most cases the Company is provided only limited notice as to when production will be curtailed and the duration of such curtailments. The Company is currently not curtailed on any of its production.

Certain of the Company's properties are located offshore in the Gulf of Mexico which are subject to a variety of operating risks peculiar to the marine environment, such as hurricanes or other adverse weather conditions, more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by governmental authorities based on environmental or other considerations. Several of the offshore properties have encountered production shortfalls due primarily to mechanical problems. The mechanical issues are currently being addressed by the operators. However, the Company cannot accurately predict when and if production will be returned to the original levels.

HEDGING RISKS

From time to time, the Company hedges a portion of its physical oil and natural gas production by entering short positions through fixed price swaps or options. The Company does not generally trade directly utilizing NYMEX futures. The settlement is determined by the difference between the Company's fixed price and the average of the daily prompt NYMEX WTI contract during each corresponding month.

The Company's Vice-President-Gas Management has the responsibility for implementing approved hedge strategies. The hedge program provides for oversight and reporting requirements, hedge goals and how strategies will be developed.

The Company may in the future enter into oil and natural gas futures contracts, options and swaps. The Company's hedging activities, while intended to reduce the Company's sensitivity to changes in market prices of oil and gas, are subject to a number of risks including instances in which (i) production is less than expected, (ii) there is a widening of price differentials between delivery points required by fixed price delivery contracts to the extent they differ from those of the Company's production or (iii) the Company's customers or the counterparties to its futures contracts fail to purchase or deliver the contracted quantities of oil or natural gas. Additionally, the fixed price sales and hedging contracts limit the benefits the Company will realize if actual prices rise above the contract prices. In the future, the Company may increase the percentage of its production covered by hedging arrangements.

GAS CONTRACT RISK

A significant portion of the Company's production is subject to fixed price contracts. Approximately 38% of average gas production at December 31, 1997 was sold subject to fixed price sales contracts. These fixed price contracts are at prices ranging from \$2.10 to \$4.34 per Mcf. The fixed price contracts with terms of less than one year, between one and five years and greater than five years constitute approximately 51%, 42% and 7%, respectively, of the volume sold under fixed price contracts. The fixed price sales contracts limit the benefits the Company will realize if actual prices rise above the contract prices.

From time to time, the Company enters into oil and natural gas price hedges to reduce its exposure to commodity price fluctuations. At December 31, 1997 approximately 12% of the Company's existing market sensitive production was fixed under hedging agreements which expire in 1998. Subsequent to December 31, 1997, the Company entered into additional hedging agreements which increased the percentage of the Company's existing market sensitive production covered by hedging arrangements to 28%. In the future, the Company may hedge a larger percentage of its production, however, it currently anticipates that such percentage would not exceed 70%. Although these hedging activities provide the Company some protection against falling prices, these activities also reduce the potential benefits to the Company of price increases above the levels of the hedges.

As part of the acquisition of oil and gas properties from American Cometra, Inc. in the first quarter of 1997, the Company acquired an above market gas contract with a major Texas gas utility company, which expires June 30, 2000. The contract represents 16% of the Company's 1997 gas production on an Mcf basis. The price paid pursuant to the contract converts to a price of \$3.73 per Mcf (\$3.33 per Mmbtu) at December 31, 1997. The gas contract provides for a price escalation of \$0.05 per Mcf on July 1 of each year. No other purchaser of the Company's oil or gas during 1997 exceeded 10% of the Company's total revenues. In July 1997 the gas utility filed an action in state district court regarding the gas contract. (See "The Company - Recent Developments").

GAS GATHERING, PROCESSING AND MARKETING

The Company's gas gathering, processing and marketing operations depend in large part on the ability of the Company to contract with third party producers to produce their gas, to obtain sufficient volumes of committed natural gas reserves, to maintain throughput in the Company's processing plant at optimal levels, to replace production from declining wells, to assess and respond to changing market conditions in negotiating gas purchase and sale agreements and to obtain satisfactory margins between the purchase price of its natural gas supply and the sales price for such residual gas volumes and the natural gas liquids processed. In addition, the Company's operations are subject to changes in regulations relating to gathering and marketing of oil and gas. The inability of the Company to attract new sources of third party natural gas or to promptly respond to changing market conditions or regulations in connection with its gathering, processing and marketing operations could materially adversely affect the Company's financial condition and results of operations.

LAWS AND REGULATIONS

The Company's operations are affected by extensive regulation pursuant to various federal, state and local laws and regulations relating to the exploration for and development, production, gathering, marketing, transportation and storage of oil and gas. These regulations, among other things, control the rate of oil and gas production, and control the amount of oil that may be imported. The Company's operations are subject to numerous laws and regulations governing plugging and abandonment, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations require the acquisition of a permit before drilling commences, restrict the types, quantities and concentration of various

substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, and impose substantial liabilities for pollution which might result from the Company's operations. The Company may also be subject to substantial clean-up costs for any toxic or hazardous substance that may exist under any of its properties. Moreover, the recent trend toward stricter standards in environmental legislation and regulation is likely to continue. For instance, legislation has been proposed in Congress from time to time that would reclassify certain crude oil and natural gas exploration and production wastes as "hazardous wastes" which would make the reclassified wastes subject to much more stringent handling, disposal and clean-up requirements. If such legislation were to be enacted, it could have a significant impact on the operating costs of the Company, as well as the oil and gas industry in general. Initiatives to further regulate the disposal of crude oil and natural gas wastes are also pending in certain states, and these various initiatives could have a similar impact on the Company. The Company could incur substantial costs to comply with environmental laws and regulations.

COMPETITION

The Company encounters substantial competition in acquiring properties, marketing oil and gas, securing equipment and personnel and operating its properties. The competitors in acquisitions, development, exploration and production include major oil companies, numerous independent oil and gas companies, individual proprietors and others. Many of these competitors have financial and other resources which substantially exceed those of the Company and have been engaged in the energy business for a much longer time than the Company. Therefore, competitors may be able to pay more for desirable leases and to evaluate, bid for and purchase a greater number of properties or prospects than the financial or personnel resources of the Company will permit.

DEPENDENCE ON KEY PERSONNEL

The Company depends, and will continue to depend in the foreseeable future, on the services of its officers and key employees with extensive experience and expertise in evaluating and analyzing producing oil and gas properties and drilling prospects, maximizing production from oil and gas properties and marketing oil and gas production, including John H. Pinkerton, the Company's President and Chief Executive Officer. However, the Company does not have employment contracts with any of its officers or key employees. The ability of the Company to retain its officers and key employees is important to the continued success and growth of the Company. The loss of key personnel could have a material adverse effect on the Company. The Company does not maintain key man life insurance on any of its officers or key employees.

CERTAIN BUSINESS INTERESTS OF CHAIRMAN

Thomas J. Edelman, Chairman of the Company, is also the Chairman, President and Chief Executive Officer of Patina Oil & Gas Company ("Patina"), a publicly traded oil and gas company. The Company currently has no existing business relationships with Patina, and Patina does not own any of the Company's securities. However, as a result of Mr. Edelman's position in Patina, conflicts of interests may arise between them. The Company has board policies that require Mr. Edelman to give notification of any potential conflicts that may arise between the Company and Patina. There can be no assurance, however, that the Company will not compete with Patina for the same acquisition or encounter other conflicts of interest.

FORWARD-LOOKING INFORMATION

Information included in this Prospectus, including information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including projections, estimates and expectations. Those statements by their nature are subject to certain risks, uncertainties and assumptions and will be influenced by various factors. Should one or more of these statements or their underlying assumptions prove to be incorrect, actual results could vary materially. Without limiting the generality of the foregoing, words such as "anticipate," "estimate," "project" and "expect" are intended to identify forward-looking statements. Although the Company believes that such projections, estimates and expectations are based on reasonable assumptions, it can give no assurance that such projections, estimates and expectations will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include political and economic developments in the United States and foreign countries, federal and state regulatory developments, the timing and extent of changes in commodity prices, the extent of success in acquiring oil and gas properties and in discovering, developing and producing reserves and conditions of the capital

markets and equity markets during the periods covered by the forward-looking statements. See "Risk Factors" for further information with respect to certain of such factors.

USE OF PROCEEDS

The Company will not receive any proceeds upon the sale by the Selling Securityholder of the Offered Securities.

DESCRIPTION OF CAPITAL STOCK AND INDEBTEDNESS

As of the date hereof the authorized capital stock of the Company consists of (i) 10,000,000 shares of serial preferred stock, \$1.00 par value, of which 1,150,000 shares has been designated as "\$2.03 Convertible Preferred Stock" and (ii) 50,000,000 shares of Lomak Common Stock, \$.01 par value. As of March 26, 1998 the Company had outstanding 21,193,742 shares of Lomak Common Stock and 1,149,840 shares of \$2.03 Convertible Preferred Stock.

LOMAK COMMON STOCK

Holders of Lomak Common Stock are entitled to receive dividends if, when and as declared by the Board of Directors of the Company out of funds legally available therefor (however, the indenture for the 6% Convertible Debentures, the indenture for the 8.75% Notes and the Credit Agreement contain certain restrictions on the payment of cash dividends). If there is any arrearage in the payment of dividends on any preferred stock, the Company may not pay dividends upon, repurchase or redeem shares of its Lomak Common Stock. All shares of Lomak Common Stock have equal voting rights on the basis of one vote per share on all matters to be voted upon by stockholders. Cumulative voting for the election of directors is not permitted. Shares of Lomak Common Stock have no preemptive, conversion, sinking fund or redemption provisions and are not liable for further call or assessment. Each share of Lomak Common Stock is entitled to share on a pro rata basis in any assets available for distribution to the holders of the Lomak Common Stock upon liquidation of the Company after satisfaction of any liquidation preference on any series of the Company's preferred stock. All outstanding shares of Lomak Common Stock are validly issued, fully paid and nonassessable.

OPTIONS

The Company's stock option plans, which are administered by the Compensation Committee, provide for the granting of options to purchase shares of Lomak Common Stock to key employees, directors and certain other persons who are not employees for advice or other assistance or services to the Company. The plan permits the granting of options to acquire up to 3,200,000 shares of Lomak Common Stock subject to a limitation of 10% of the outstanding Lomak Common Stock on a fully diluted basis. At December 31, 1997, a total of 1,906,959 options had been granted under the plan of which options to purchase 729,257 shares were exercisable at that date. The options outstanding at December 31, 1997 were granted at an exercise price of \$3.38 to \$18.00 per share. The exercise price of all such options was equal to the fair market value of the Lomak Common Stock on the date of grant. All were options granted for a term of five years, with 30% of the options becoming exercisable after one year, an additional 30% becoming exercisable after two years and the remaining options becoming exercisable after three years.

PREFERRED STOCK

The Board of Directors of the Company, without action by stockholders, is authorized to issue shares of serial preferred stock in one or more series and, within certain limitations, to determine the voting rights (including the right to vote as a series on particular matters), preferences as to dividends and the liquidation, conversion, redemption and other rights of each such series. The Board of Directors could issue a series with rights more favorable with respect to dividends, liquidation and voting than those held by the holders of its Lomak Common Stock. At December 31, 1997, 1,149,840 shares of Preferred Stock were outstanding, designated as \$2.03 Convertible Preferred Stock.

The \$2.03 Convertible Preferred Stock bears an annual dividend rate of \$2.03 payable quarterly. If dividends have not been paid on the \$2.03 Convertible Preferred Stock, the Company cannot redeem or pay dividends on shares of stock ranking

junior to the \$2.03 Convertible Preferred Stock. No new serial preferred stock can be created with rights superior to those of the \$2.03 Convertible Preferred Stock, as to dividends and liquidation rights, without the approval of the holders of a majority of the \$2.03 Convertible Preferred Stock. In addition, the holders of the \$2.03 Convertible Preferred Stock are entitled to one vote for each share owned. Additionally, if dividends remain unpaid for six full quarterly periods, or if any future class of preferred stockholders is entitled to elect members of the Board of Directors based on actual missed and unpaid dividends, the number of members of the Board of Directors will be increased to such number as may be necessary to entitle the holders of the \$2.03 Convertible Preferred Stock and such other future preferred stockholders, voting as a single class, to elect one-third of the members of the Board of Directors. The \$2.03 Convertible Preferred Stock has liquidation rights of \$25 per share. The Company may exchange the \$2.03 Convertible Preferred Stock for an aggregate of \$28,750,000 principal amount of its 8.125% Convertible Subordinated Notes due December 31, 2005. Each share of \$2.03 Convertible Preferred Stock is convertible into Lomak Common Stock at a conversion price of \$9.50 per share, subject to adjustment under certain circumstances. The conversion price will be reduced for a limited period (but to not less than \$5.21) if a change in control or fundamental change in the Company occurs at a time that the market price of the Lomak Common Stock is less than the conversion price. The Company may redeem the \$2.03 Convertible Preferred Stock at any time after November 1, 1998, at redemption prices declining from \$26.50 to \$25.00 per share, plus cumulative unpaid dividends.

6% CONVERTIBLE SUBORDINATED DEBENTURES

On December 27, 1996, the Company sold \$55,000,000 aggregate principal amount of 6% Convertible Subordinated Debentures (the "6% Convertible Debentures") in a private offering not registered under the Securities Act. The 6% Convertible Debentures are convertible at any time prior to maturity, unless previously redeemed or repurchased, into shares of Lomak Common Stock, at a conversion price of \$19.25 per share, subject to adjustment under certain circumstances. The 6% Convertible Debentures are unsecured and subordinate to all senior and senior subordinated indebtedness and do not restrict the incurrence of additional indebtedness by the Company or any of its subsidiaries. The 6% Convertible Debentures will mature on February 1, 2007. The Company may redeem the 6% Convertible Debentures, in whole or in part, on or after February 1, 2000, at certain redemption prices, plus accrued but unpaid interest at the date fixed for redemption. Upon certain changes of control of the Company, the Company is required to offer to repurchase each holder's 6% Convertible Debentures at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase.

Pursuant to a Registration Rights Agreement between the Company and the initial purchasers of the 6% Convertible Debentures, the Company has filed a shelf registration statement (the "6% Debenture Shelf Registration Statement") relating to the resale of the 6% Convertible Debentures and the shares of Lomak Common Stock issuable upon conversion of the 6% Convertible Debentures. The Company will use its reasonable best efforts to maintain the effectiveness of the 6% Debenture Shelf Registration Statement until the third anniversary of the issuance of the 6% Convertible Debentures, except that it shall be permitted to suspend the use of the 6% Debenture Shelf Registration Statement during certain periods under certain circumstances. If the Company fails to meet certain of its obligations under the 6% Debenture Shelf Registration Statement, then a supplemental payment will be made to the holders of the 6% Convertible Debentures or shares of Lomak Common Stock actually issued upon conversion of the 6% Convertible Debentures. During the first 90 days of such a default, the supplemental payment will be \$.05 per week per \$1,000 principal amount of the 6% Convertible Debentures and \$.0005 per week per share of such Lomak Common Stock. The amount of such supplemental payment will increase over time if the default continues, subject to a maximum supplemental payment of \$.20 per week per \$1,000 principal amount of 6% Convertible Debentures and \$.002 per week per share of Lomak Common Stock.

CREDIT AGREEMENT

The Credit Agreement 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 (of which not more than \$150 million may be represented by letters of credit). The Borrowing Base is currently \$325 million under the expanded facility 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 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. The Credit Agreement matures in February 2002.

The obligations of the Company under the Credit Agreement are unconditionally and irrevocably guaranteed by certain subsidiaries of the Company.

At the Company's option, the applicable interest rate per annum is either the Eurodollar loan rate plus a margin ranging from .625% to 1.125% or the Alternate Base Rate (as defined) plus a margin ranging from 0% to .25%. The Alternate Base Rate is the higher of (a) the administrative agent bank's prime rate and (b) the federal funds effective rate plus .5%.

The Credit Agreement includes various covenants that require, among other things, that the Company (i) maintain a minimum consolidated tangible net worth of at least \$100 million plus 90% of the net cash proceeds from the sale of 4 million shares of the Company's common stock completed in March 1997 (the "Original Offering ") and 50% of the net proceeds from any subsequent equity offering by the Company; (ii) maintain a ratio of EBITDA to consolidated interest expense on total debt for each period of four consecutive fiscal quarters of at least 2.5 to 1.0; and (iii) not make restricted payments (defined as dividends, distributions or guarantees to third parties or the retirement, repurchase or prepayment prior to the scheduled maturity of its subordinated debt) in an aggregate amount in any one fiscal year in excess of \$5 million plus 50% of the net proceeds from the Original Offering and any equity offerings subsequent to the Original Offering and 50% of the Company's consolidated net income earned after January 1, 1997. In addition, the Credit Agreement restricts the ability of the Company to dispose of assets, incur additional indebtedness, repay other indebtedness or amend other debt instruments, create liens on assets, make investments or acquisitions, engage in mergers or consolidations, make capital expenditures or engage in certain transactions with affiliates.

8.75% SENIOR SUBORDINATED NOTES

On March 14, 1997, the Company sold \$125,000,000 of 8.75% Senior Subordinated Notes due 2007 (the "8.75% Notes"). The 8.75% Notes are not redeemable at the Company's option 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, plus accrued and unpaid interest, if any, 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 Credit Agreement. The 8.75% Notes are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company and any future subsidiary 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 8.75% Notes were issued pursuant to an indenture containing certain covenants that will, among other things, limit the ability of the Company and its subsidiaries to incur additional indebtedness and issue disqualified stock, pay dividends, make distributions, make investments, make certain other restricted payments, enter into certain transactions with affiliates, dispose of certain assets, incur liens securing indebtedness and engage in mergers and consolidations.

CONVERTIBLE PREFERRED 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.

SELLING SECURITYHOLDER

The Offered Securities were issued to Trend (the "Selling Securityholder") in connection with the Trend Acquisition. The Selling Securityholder or its transferees, pledges, donees or successors (the "Selling Securityholders") may from time to time offer and sell pursuant to this Prospectus any or all of the Offered Securities.

The Offered Securities have been registered pursuant to an agreement which provides that the Company file a registration statement with regard to the Offered Securities within thirty (30) days of the date of the Trend Acquisition and keep such registration statement effective until the earlier of (i) the sale pursuant to such registration statement or Rule 144(a) under the Securities Act of all the Offered Securities, and (ii) the expiration of the holding period applicable to sales of Offered Securities under Rule 144(k) under the Securities Act, or any successor provision. Although the Selling Securityholder has not advised the Company that it currently intends to sell all or any of the Offered Securities pursuant to this Prospectus, the Selling Securityholder may choose to sell the Offered Securities from time to time upon notice to Lomak. See "Plan of Distribution."

PLAN OF DISTRIBUTION

The Offered Securities may be sold from time to time to purchasers directly by the Selling Securityholder. Alternatively, the Selling Securityholder may from time to time offer the Offered Securities to or through underwriters, broker/dealers or agents, who may receive compensation in the form of underwriting discounts, concessions or commissions from the Selling Securityholder or the purchasers of such securities for whom they may act as agents. The Selling Securityholder and any underwriters, broker/dealers or agents that participate in the distribution of Offered Securities may be deemed to be "underwriters" within the meaning of the Securities Act and any profit on the sale of such securities and any discounts, commissions, concessions or other compensation received by any such underwriter, broker/dealer or agent may be deemed to be underwriting discounts and commissions under the Securities Act.

The Offered Securities may be sold from time to time in one or more transactions at fixed prices, at the prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. This sale of the Offered Securities may be effectuated in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Offered Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or in the over-the-counter market, or (iv) through the writing and exercise of options. At the time a particular offering of the Offered Securities is made, a Prospectus Supplement, if required, will be distributed which will set forth the aggregate amount of the type of Offered Securities being offered and the terms of the offering, including the name or names of any underwriters, broker/dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Securityholder and any discounts, commissions or concessions allowed or reallocated to be paid to broker/dealers. To comply with the securities laws of certain jurisdictions, if applicable, the Offered Securities will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain jurisdictions the Offered Securities may not be offered or sold unless they have been registered or qualified for sale in such jurisdictions or any exemption from registration or qualification is available and is complied with.

The Selling Securityholder will be subject to applicable provisions of the Exchange Act and rules and regulations thereunder, which provisions may limit the timing of purchases and sales of any of the Offered Securities by the Selling Securityholder. The foregoing may affect the marketability of such securities.

Pursuant to the Company's agreement with Trend, the Company shall pay all expenses of the registration of the Offered Securities including, without limitation, commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, that the Selling Securityholder will pay all underwriting discounts and selling commissions, if any. The Selling Securityholder will be indemnified by the Company jointly and severally against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith. The Company will be indemnified by the Selling Securityholder severally against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

LEGAL MATTERS

Certain legal matters with respect to the validity of the Offered Securities being registered hereby will be passed upon for Lomak by Vinson & Elkins L.L.P., Houston, Texas.

EXPERTS

The Consolidated Financial Statements of the Company, as of December 31, 1996 and 1997 and for the three years then ended, incorporated by reference in this Prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto incorporated by reference in this Prospectus in reliance upon the authority of said firm as experts in giving said reports.

GLOSSARY

The terms defined in this glossary are used throughout this Prospectus.

Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to crude oil or other liquid hydrocarbons.

Bcf. One billion cubic feet.

Bcfe. One billion cubic feet of natural gas equivalents, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

Development well. A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Dry hole. A well found to be incapable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or gas well.

Exploratory well. A well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir.

Gross acres or gross wells. The total acres or wells, as the case may be, in which a working interest is owned.

Infill well. A well drilled between known producing wells to better exploit the reservoir.

Mbbl. One thousand barrels of crude oil or other liquid hydrocarbons.

Mcf. One thousand cubic feet.

Mcf/d. One thousand cubic feet per day.

Mcfe. One thousand cubic feet of natural gas equivalents, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

Mmbbl. One million barrels of crude oil or other liquid hydrocarbons.

MmBtu. One million British thermal units. One British thermal unit is the heat required to raise the temperature of a one-pound mass of water from 58.5 to 59.5 degrees Fahrenheit.

Mmcf. One million cubic feet.

Mmcfe. One million cubic feet of natural gas equivalents.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells.

Net oil and gas sales. Oil and natural gas sales less oil and natural gas production expenses.

Present Value. The pre-tax present value, discounted at 10%, of future net cash flows from estimated proved reserves, calculated holding prices and costs constant at amounts in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions) and otherwise in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Productive well. A well that is producing oil or gas or that is capable of production.

Proved developed non-producing reserves. Reserves that consist of (i) proved reserves from wells which have been completed and tested but are not producing due to lack of market or minor completion problems which are expected to be corrected and (ii) proved reserves currently behind the pipe in existing wells and which are expected to be productive due to both the well log characteristics and analogous production in the immediate vicinity of the wells.

Proved developed producing reserves. Proved reserves that can be expected to be recovered from currently producing zones under the continuation of present operating methods.

Proved developed reserves. Proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved reserves. The estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved undeveloped reserves. Proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing wellbore in another formation from that in which the well has previously been completed.

Royalty interest. An interest in an oil and gas property entitling the owner to a share of oil and natural gas production free of costs of production.

Standardized Measure. The present value, discounted at 10%, of future net cash flows from estimated proved reserves after income taxes calculated holding prices and costs constant at amounts in effect on the date of the report (unless such prices or costs are subject to change pursuant to contractual provisions) and otherwise in accordance with the Commission's rules for inclusion of oil and gas reserve information in financial statements filed with the Commission.

Working interest. The operating interest that gives the owner the right to drill, produce and conduct operating activities on the property and a share of production, subject to all royalties, overriding royalties and other burdens and to all costs of exploration, development and operations and all risks in connection therewith.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, OR ANY OF THEIR AGENTS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES OFFERED HEREBY BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY OR SINCE SUCH DATE.

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LOMAK PETROLEUM, INC.
903,615 SHARES OF COMMON STOCK

April 30, 1998

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The estimated expenses in connection with the distribution of the Offered Securities (all of which shall be paid by the Registrant) being registered hereunder (other than underwriting discounts) are set forth in the following table (all amounts except the SEC registration fee are estimated):

SEC Registration Fee.....	\$ 4,211
Legal Fees and Expenses.....	7,500
Accounting Fees and Expenses.....	5,000
Printing and Engraving.....	12,000
Miscellaneous.....	1,289

Total.....	\$ 30,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company is a Delaware corporation. Section 145 of the Delaware General Corporation Law generally provides that a corporation is empowered to indemnify any person who is made a party to a proceeding or threatened proceeding by reason of the fact that he is or was a director, officer, employee or agent of the corporation or was, at the request of the corporation, serving in any of such capacities in another corporation or other enterprise. This statute describes in detail the right of the corporation to indemnify any such person.

Article SEVENTH, section (5) the Company Certificate of Incorporation provides:

Any former, present or future director, officer or employee of the Company or the legal representative of any such director, officer, or employee shall be indemnified by the Company

(a) against reasonable costs, disbursements and counsel fees paid or incurred where such person has been successful on the merits or otherwise in any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding, or in defense of any claim, issue or matter therein, by reason of such person being or having been such director, officer or employee, and

(b) with respect to any such action, suit, proceeding, inquiry or investigation for which indemnification is not made under (a) above, against reasonable costs, disbursements (which shall include amounts paid in satisfaction of settlements, judgments, fines and penalties, exclusive, however, of any amount paid or payable to the Company) and counsel fees if such person also had no reasonable cause to believe the conduct was unlawful, with the determination as to whether the applicable standard of conduct was met to be made by a majority of the members of the Board of Directors (sitting as a committee of the Board) who were not parties to such inquiry, investigation, action, suit or proceeding or by any one or more disinterested counsel to whom the question may be referred to the Board of Directors; provided, however, in connection with any proceeding by or in the right of the Company, no indemnification shall be provided as to any person adjudged by any court to be liable for negligence or misconduct except as and to the extent determined by such court.

The termination of any such inquiry, investigation, action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that such person did not meet the standards of conduct set forth in subsection (b) above.

Reasonable costs, disbursements and counsel fees incurred by such person in connection with any inquiry, investigation, action, suit or proceeding may be paid by the Company in advance of the final disposition of such matter if authorized by a majority of the Board of Directors (sitting as a committee of the Board) not parties to such matter upon receipt by the Company of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person is entitled to be indemnified as set forth herein.

The Board of Directors may, at any regular or special meeting of the Board, by resolution, accord similar indemnification (prospective or retroactive) to any director, trustee, officer or employee of any other company who is serving as such at the request of the Company because of the Company's interest in such other company and any officer, director or employee of any constituent corporation absorbed by the Company in a consolidation or merger, or the legal representative of any such director, trustee, officer or employee.

The indemnification herein provided shall not exclude any other rights to which such person may be entitled as a matter of law or which may be lawfully granted.

Article EIGHTH of the Company's Certificate of Incorporation provides:

No director of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. This paragraph shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of its adoption. If the General Corporation Law of the State of Delaware is hereafter amended to authorize corporate action further limiting or eliminating the personal liability of directors, then the liability of a director to the Company shall be limited or eliminated to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended from time to time. No repeal or modification of this Article VIII, directly or by adoption of an inconsistent provision of this Certificate of Incorporation, by the stockholders of the Company shall be effective with respect to any cause of action, suit claim or other matter, but for this Article VIII, would accrue or arise prior to such repeal or modification.

Article XII of the Company's Bylaws, incorporating the above provisions, provides for an indemnification agreement to be entered into by directors' and designated officers of the Company. All directors of the Company have executed an indemnification agreement the form of which was approved by stockholders at the Company's 1994 annual stockholders meeting.

Article XII of the Company's Bylaws also allows the Company to purchase liability insurance for officers and directors. As of the date hereof there is no such insurance in place.

Article XIII of the Company's Bylaws, with certain specified exceptions, limits the personal liability of the directors to Lomak or its stockholders for monetary damages for breach of fiduciary duty to the fullest extent permitted by Delaware law, including any changes in Delaware law adopted in the future.

The Selling Securityholder will be indemnified by Lomak, against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith. Lomak and the Trust will be indemnified by the Selling Securityholder severally against certain civil liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company, pursuant to the foregoing provisions, the Company has been informed that in the opinion of the

Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. See Item 17, "Undertakings."

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

- 3.1(a) Certificate of Incorporation of Lomak dated March 24, 1980 (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 3.1(b) Certificate of Amendment of Certificate of Incorporation dated July 22, 1981 (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 3.1(c) Certificate of Amendment of Certificate of Incorporation dated September 8, 1982 (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
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- 3.1(j) Restated Certificate of Incorporation as required by Item 102 of Regulation S-T (incorporated by reference to the Company's Registration Statement (No. 333-20257)).
- 3.2 By-Laws of the Company (incorporated by reference to the Company's Registration Statement (No. 33-31558)).
- 4 Specimen certificate of Lomak Petroleum, Inc. Common Stock (incorporated by reference to the Company's registration statement (No. 333-20257)).
- 4.13 Form of Trust Indenture relating to the Senior Subordinated Notes due 2007 between Lomak Petroleum, Inc., and Fleet National Bank as trustee (incorporated on the Company's Registration Statement (No. 333-20257)).
- 4.14 Purchase and Sale Agreement dated as of September 8, 1997 by and among Cabot Oil & Gas Corporation, Cranberry Pipeline Corporation, Big Sandy Gas Company, and Lomak Petroleum, Inc.
- 5.1* Opinion of Vinson & Elkins L.L.P. as to the legality of Lomak Petroleum, Inc. common stock being registered hereby.

- 10.1(a)* Purchase and sale agreement dated March 8, 1998 by and between Trend Exploration Company and Lomak Petroleum, Inc.
- 23.1* Consent of Independent Public Accountants.
- 23.2* Consent of Vinson & Elkins L.L.P. (included in their opinion filed as Exhibit 5.1).
- 24.1* Powers of attorney (included in the signature page hereto).

* Filed herewith.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes:

(a) (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(b) For the purposes of determining any liability under the Securities Act, each post effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Lomak Petroleum, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Forth Worth, State of Texas on April 30, 1998.

LOMAK PETROLEUM, INC.

BY: /S/ JOHN H. PINKERTON

John H. Pinkerton
President and
Chief Executive Officer
(Principal Executive Officer)

KNOW BY ALL THESE PRESENTS, that each of the undersigned directors and officers of Lomak Petroleum, Inc. hereby constitutes and appoints John H. Pinkerton and Thomas W. Stoelk, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and on his behalf and in his name, place and stead in any and all capacities, to sign, execute and file with the Securities and Exchange Commission and any state securities regulatory board or commission any documents relating to the proposed issuance and registration of the securities offered pursuant to this Registration Statement on Form S-3 under the Securities Act of 1933, including any and all amendments (including post-effective amendments and amendments thereto) to this Registration Statement on Form S-3 and any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as he might or could do if personally present, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
----- /s/ Thomas J. Edelman ----- Thomas J. Edelman	Chairman and Director	April 30, 1998
----- /s/ John H. Pinkerton ----- John H. Pinkerton	President, Chief Executive Officer and Director (Principal Executive Officer)	April 30, 1998
----- /s/ C. Rand Michaels ----- C. Rand Michaels	Vice Chairman and Director	April 30, 1998
----- /s/ Robert E. Aikman ----- Robert E. Aikman	Director	April 30, 1998
----- /s/ Allen Finkelson Allen Finkelson	Director	April 30, 1998
----- /s/ Anthony V. Dub ----- Anthony V. Dub	Director	April 30, 1998
----- /s/ Ben A. Guill ----- Ben A. Guill	Director	April 30, 1998
----- /s/ Thomas W. Stoelk ----- Thomas W. Stoelk	Senior Vice President - Finance and Administration and Chief Financial Officer (Principal Financial Officer)	April 30, 1998
----- /s/ Geoffrey T. Doke ----- Geoffrey T. Doke	Controller and Chief Accounting Officer (Principal Accounting Officer)	April 30, 1998

EXHIBIT INDEX

Exhibit No. -----	Description -----
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- 23.1* Consent of Independent Public Accountants.
- 23.2* Consent of Vinson & Elkins L.L.P. (included in their opinion filed as Exhibit 5.1).
- 24.1* Powers of attorney (included in the signature page hereto).

* Filed herewith.

[Vinson & Elkins Logo]

ATTORNEYS AT LAW

VINSON & ELKINS L.L.P.
1001 FANNIN STREET
SUITE 2300
HOUSTON, TEXAS 77002-6760
TELEPHONE (713) 758-2222
FAX (713) 758-2346

WRITER'S TELEPHONE
(713) 758-3820

WRITER'S FAX
(713) 615-5605

April 30, 1998

Lomak Petroleum, Inc.
500 Throckmorton Street
Fort Worth, Texas 76102

Ladies and Gentlemen:

We have acted as counsel to Lomak Petroleum, Inc., a Delaware corporation (the "Company"), in connection with the preparation of the Company's Registration Statement on Form S-3 (the "Registration Statement"), relating to the proposed offer and sale by Trend Exploration Company, a stockholder of the Company, of up to 903,615 shares of the Company's common stock, par value \$.01 per share (the "Shares"). In such capacity, we are passing on certain legal matters in connection with the registration of the sale of the Shares. At your request, this opinion is being furnished to you for filing as an exhibit to the Registration Statement.

In connection with rendering this opinion, we have examined such certificates, instruments and documents and reviewed such questions of law as we have considered necessary or appropriate for the purposes of this opinion. In addition, we have relied as to factual matters on certification of officers of the Company.

Based upon the foregoing examination and review, we are of the opinion that the shares are duly and validly authorized and legally issued, fully paid and nonassessable.

The foregoing opinion is limited to the laws of the United States of America and to the General Corporation Law of the State of Delaware. For purposes of this opinion, we assume that the Shares will be issued in compliance with all applicable state securities or Blue Sky laws.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is entered into on the 8th day of March, 1998, by and between TREND EXPLORATION COMPANY, a Texas corporation whose address is 500 N. Loraine, Suite 1130, Midland, Texas 79701 ("Seller") and LOMAK PRODUCTION I, L. P. a Texas limited partnership, whose address is 500 Throckmorton Street, Fort Worth, TX 76012 ("Buyer") and LOMAK PETROLEUM, INC., a Delaware corporation whose address is 500 Throckmorton Street, Fort Worth, TX 76012 ("Lomak").

Buyer desires to purchase and Seller desires to sell all of Seller's undivided interest in and to the oil, gas and/or mineral leases, together with all wells, equipment, personal property and rights connected therewith, described below, subject to the following terms and conditions set forth below, and Lomak, as owner of Buyer (through its wholly owned subsidiary, Lomak Energy Company, a Delaware corporation), desires to guarantee the obligations of Buyer hereunder.

ARTICLE I
PURCHASE AND SALE

I.1 PURCHASE AND SALE OF ASSETS.

- (a) ASSETS CONVEYED. Subject to the terms and conditions set forth in this Agreement (including the exhibits attached hereto) and to the reservation in Section 1.1 (b) below, Seller will sell and Buyer will buy, as of the Effective Date (defined in Section 1.3 below), the following (the "Assets"):
- (i) All of Seller's interests in the oil, gas and/or mineral leases described in Exhibit "A", attached hereto and made a part hereof (the "Leases"), whether such interests are evidenced by instruments recorded in the county where the Leases are situated or Seller is entitled to an assignment of such interests by reason of an exploration, farmout, farmin, participation, joint venture or other agreement, insofar as the Leases cover and affect the lands (and, if applicable, the depths) described in said Exhibit "A" (the "Lands"); it being the intent of Seller to sell and Buyer to buy all of Seller's undivided oil, gas and mineral leasehold interests in the Lands and all of Seller's undivided interests in the Leases, whether or not the Leases and Lands are fully and correctly described herein; together with all tenements, hereditaments and appurtenances of Seller belonging to the Leases;
 - (ii) All of Seller's rights, titles and interests in the wells and well bores (including, without limitation, the wells identified in Exhibit "A" hereto), personal property, equipment and facilities located on the Lands used directly in the operation of and production from and pursuant to the Leases, including without limitation, pumps, well equipment (surface and subsurface), gas plants, salt water disposal wells, lines and facilities, water injection wells, lines and facilities, sulphur recovery facilities, compressors, compressor stations, dehydration facilities, treating facilities, pipeline gathering lines, flow lines, transportation lines, valves, meters, separators, tanks, tank batteries and other fixtures (collectively the "Wells and Equipment");

- (iii) All of Seller's rights, titles and interests in the oil, gas, condensate, and natural gas liquids produced after the Effective Date, "line fill" and oil inventory below the pipeline connection in all storage tanks attributable to the Leases and Lands, subject however to the existing leasehold burdens (including, without limitation, royalties, overriding royalties, production payments and other non-cost bearing interests in production) affecting same (collectively the "Production"); and,
- (iv) All of Seller's rights, titles and interests in the contracts, agreements, permits, licenses and consents pertaining to the Leases and Lands, including, without limitation, the Basic Documents (as defined in Section 2.1 (h) below) and any other operating agreements, communitization, unitization and pooling agreements, area of mutual interest agreements, farmout agreements, farmin agreements, geophysical and seismic options, geophysical agreements, exploration agreements, salt water disposal agreements, water injection agreements, line well injection agreements, surface use agreements, road use agreements, drilling contracts, well services contracts, production sales contracts, gas contracts, gas balancing agreements, storage agreements, warehouse agreements, supplier contracts, service contracts, insurance contracts, construction agreements, division orders, transfer orders, easements, rights-of-way, permits, licenses, authorizations and appurtenances and rights of every kind and character which are used or useful or appropriate to exploring for, developing, producing, operating, treating, storing, marketing or transporting oil, gas and other hydrocarbons or water in, on or under the Lands pursuant to the terms of the Leases, together with any causes of action accruing in favor of Seller thereunder or in connection therewith, even if such causes of action accrued or began to accrue prior to the Effective Date (collectively the "Contractual Rights").
- (v) All of Seller's original files, books, records and data (other than Seller's financial files and records), including, without limitation, maps, logs, geophysical data (including all geophysical 3D seismic data sets), title opinions and curative, production records, geological data and computer data bases, relating to the Assets (collectively the "Files"); it being agreed that from and after Closing, Seller will not retain any copies of the Files except copies of maps, logs, geophysical data (including all geophysical 3D seismic data sets), production records and geological data, together with any computer data bases relating thereto.
- (b) **RESERVATION OF BLALOCK/BRUNSON INTERESTS.** Seller reserves an undivided 1/3 interest in the Assets, insofar and only insofar as the Assets include the Leases, Lands, Wells and Equipment, Production, Contractual Rights and Files comprising the Brunson/Blalock Prospect described in Exhibit "A" attached hereto (the "Reserved Assets"). For all purposes under this Agreement and notwithstanding the above to the contrary, the term "Assets" shall be deemed to be exclusive of the Reserved Assets. Following Closing, either party may propose to the other party, in writing, an operating agreement covering all or any portion of the Brunson/Blalock Prospect. Within sixty (60) days following the non-proposing party's actual receipt of such proposal, the parties shall enter into a mutually acceptable operating agreement covering such lands upon which the parties agree, utilizing the A.A.P.L. Form 610-1989 Model Form Operating Agreement (the "JOA"). The JOA shall be subject to (or incorporate) the following:

- (i) Lomak Production Company (or another entity designated by Buyer) shall be named as operator;
- (ii) the preferential right to purchase provision (Article VIII.F.) shall be stricken;
- (iii) the provisions relating to loss of title (Article IV.B.) shall be revised to provide that losses thereunder shall be joint losses to be borne by the parties in proportion to their respective interests as set forth in Exhibit A attached thereto (provided, this provision shall not be construed as limiting Buyer's rights under Seller's Special Warranty under Section 2.2 below);
- (iv) the term of the JOA shall be for the life of the leases (Option 1 under Article XIII);
- (v) Exhibit C to the JOA shall be the COPAS - 1984 - Onshore form Accounting Procedure Joint Account;
- (vi) regardless of which option the parties elect under Article VI.G., each party shall have the right to (1) take its share of production in kind, and (2) receive payment for its share of production directly from the purchaser thereof; and
- (vii) under Article VI.F., the percentage "70%" shall be inserted in the blank such that none of the operations described therein shall be terminated without the consent of parties bearing at least 70% of the costs thereof.

I.2 PURCHASE PRICE.

- (a) PURCHASE PRICE. The aggregate consideration to be paid by Buyer for the Assets shall be Fifty-Seven Million Dollars (\$57,000,000.00) U.S. (the "Base Purchase Price"), as adjusted pursuant to the other provisions of this Agreement (the Base Purchase Price, after such adjustments, if any, being referred to herein as the "Purchase Price"). The parties have agreed to the allocation of the Base Purchase Price among the separate wells, tracts or properties comprising the Assets, as set forth in Exhibit "B" attached hereto and incorporated herein, based upon the working and net revenue interests set forth therein. Such allocation has been determined for the purposes of establishing the bases for certain taxes, determining the value of Environmental Defects (as defined in Section 4.1 below) and Title Defects (as defined in Section 4.2 below), if any, and determining adjustments to the Base Purchase Price, if any. Of the Purchase Price, the sum of \$15,000,000.00 shall be paid by Buyer causing Lomak to issue to Seller on the Closing Date that number of shares of Lomak's common stock ("Lomak Common Stock") determined by dividing \$15,000,000.00 by the average of the closing price on the New York Stock Exchange of Lomak Common Stock for the five trading days ended two trading days prior to Closing (and excluding the Closing Date). The Lomak Common Stock shall be held in escrow and distributed to Seller as provided in Section 1.5 hereof. The balance of the Purchase Price shall be paid by Buyer to Seller at Closing as follows:
 - (i) By wire transfer of the Performance Deposit and interest thereon, as provided in Section 1.2 (b), of immediately available funds to an account designated by Seller; and,

(ii) By wire transfer of immediately available funds to an account designated by Seller.

(b) PERFORMANCE DEPOSIT. Upon execution of this Agreement, Buyer will deposit in an interest-bearing escrow account at Bank One, N.A. ("Bank One"), to be held by Bank One pursuant to its form escrow agreement, the sum of \$2,500,000.00, which will secure Buyer's performance under this Agreement (the "Performance Deposit"). At Closing, the Performance Deposit, including any interest accruing thereon from the date of deposit through the end of the day preceding the date of Closing (the "Accrued Interest"), will be delivered to Seller and credited against the Purchase Price. If this Agreement is terminated prior to Closing, the Performance Deposit will be disposed of as provided in Section 7.2 below. Until the Performance Deposit has either been delivered to Seller at Closing or has otherwise been disposed in accordance with Section 7.2, it shall continue to be held in escrow as provided herein.

I.3 EFFECTIVE DATE. If Closing occurs, the conveyance of the Assets shall be effective as of March 1, 1998, at 7:00 a.m. local time where the Assets are located (the "Effective Date").

I.4 REGISTRATION OF LOMAK COMMON STOCK. Within thirty (30) days of Closing, Buyer shall cause Lomak to prepare and file with the Securities Exchange Commission (the "Commission") a shelf registration statement on Form S-3 or other appropriate form (the "Registration Statement"), pursuant to Rule 415 of the Securities Act of 1933, as amended, and all rules and regulations promulgated under such Act (the "Securities Act"), covering the resale by Seller of the Lomak Common Stock issued hereunder (the "Registration"). Buyer shall cause Lomak to use its best efforts to have the Registration Statement declared effective by the Commission (the date on which the Lomak Common Stock is declared effective being the "Registration Effective Date"). Buyer shall bear and pay all expenses incurred in connection with the Registration, including, without limitation, all expenses incident to Lomak's performance of or compliance with the registration rights granted pursuant hereto, registration and filing fees, fees and expenses incurred in compliance with securities, blue sky and other applicable laws, printing and engraving expenses, messenger, telephone and delivery expenses, and fees and disbursements of Lomak's counsel and all independent certified public accountants.

I.5 ESCROW OF THE LOMAK COMMON STOCK. Buyer shall cause the Lomak Common Stock to be delivered to Lomak to be held in escrow and to be released as follows:

On the first day of each of the eight (8) months following the Registration Effective Date (each such day being a "Stock Release Date"), Lomak shall release and deliver to Seller that number of shares of Lomak Common Stock equal in value to \$1,875,000 ("monthly installment") whereupon such shares may be fully and freely traded on the New York Stock Exchange, without restriction. The number of shares of Lomak Common Stock to be released on each Stock Release Date shall be determined based upon the average of the closing price of Lomak Common Stock on the New York Stock Exchange for the five trading days ended two trading days prior to the end of the month preceding such Stock Release Date. In lieu of the release by Lomak of shares of Lomak Common Stock as full settlement of any monthly installment, Buyer may, at its discretion, deliver all or part of such monthly installment in cash; provided, that the aggregate value of each and every monthly installment (whether comprised of Lomak Common Stock and/or cash) must equal \$1,875,000.

Buyer may at any time prepay any and all monthly installments in cash. Any shortfall remaining after all shares of Lomak Common Stock have been released to Seller hereunder shall be paid by Buyer in cash when due, the intent being that the aggregate value of all eight monthly installments (whether comprised of Lomak Common Stock and/or cash) will be equal to \$15,000,000. Any shares of Lomak Common Stock remaining in escrow after payment of the eight monthly installments shall be delivered by Lomak to Buyer; and, for the sole purpose of facilitating such delivery, Seller shall deliver to Lomak a stock power duly executed in blank. Buyer shall cause Lomak to maintain the Registration of Lomak Common Stock hereunder and take such other steps as may be reasonably necessary to permit the Lomak Common Stock registered pursuant hereto to be fully and freely traded without restrictions on the New York Stock Exchange.

ARTICLE II
 REPRESENTATIONS, WARRANTIES

 AND DISCLAIMERS OF SELLER

II.1 REPRESENTATIONS AND WARRANTIES. Except as otherwise provided in Exhibit "C" attached hereto and made a part hereof, Seller hereby represents and warrants to Buyer as follows:

- (a) ORGANIZATION AND GOOD STANDING. Seller is duly incorporated, validly existing and in good standing under the laws of the State of Texas, and it is duly authorized and qualified to transact business in the State of Texas, and it has all requisite power and authority to conduct its business and to own its interests in the Assets.
- (b) POWER. Seller has all requisite power and authority to execute and deliver, and to perform all its obligations under, this Agreement and all other documents and instruments executed in connection herewith. The execution and delivery by Seller of this Agreement and all other documents contemplated hereby or referred to herein, and the performance by it of the promises, covenants and agreements herein made by it will not be in violation of the articles of incorporation, bylaws, resolutions and/or other documents under which Seller was created or is presently governed. The execution and delivery by Seller of this Agreement and all other documents contemplated hereby or referred to herein, and the performance by it of the promises, covenants and agreements herein made by it will not be in violation of, constitute a breach of, or constitute an event of default under any Agreement or indenture to which it is subject or by which it is bound.
- (c) CORPORATE APPROVAL. The execution and delivery by Seller of this Agreement and all other documents contemplated hereby or referred to herein have been duly authorized by all necessary corporate action and do not and will not (i) require any consent or approval of any of its stockholders, (ii) violate the charter or by-laws of such corporation, or (iii) to its knowledge violate any provisions of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it.

- (d) GOVERNMENT CONSENT. No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution, delivery or performance by Seller of this Agreement or any transfer, assignment, conveyance, bill of sale or agreement executed and delivered pursuant hereto subject to the requirements of the State of Texas with respect to certain of the oil, gas and mineral leases covered by this Agreement.
- (e) BINDING OBLIGATION. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.
- (f) VIOLATIONS. Seller is not in default with respect to the Assets under or in violation of any law, order, writ, injunction, rule, regulation or decree of any governmental body, agency or court or of any commission or other administrative agency, which violation could materially adversely affect the ownership and operation of any of the Assets. With respect to the ownership, operation, production and sale of hydrocarbons and carrying on of its business with respect to the Assets, it has complied with all laws, rules and regulations applicable thereto, the failure to comply with which could materially adversely affect the ownership or operation of such Assets.
- (g) BROKERS. Any obligation or liability, contingent or otherwise, incurred by Seller for brokers' or finders' fees in respect of the matters provided for in this Agreement shall be the sole obligation of Seller, and Buyer shall have no responsibility therefor.
- (h) BASIC DOCUMENTS. The term "Basic Documents" means all of the documents known to Seller (or of which Buyer has constructive notice due to public filings) evidencing interests which comprise the Assets and all contractually binding documents to which the Seller or the Assets may be subject and which will be binding on the Assets or on Buyer after the Closing of the sale and purchase herein provided including, without limitation, deeds, surface leases, oil, gas and mineral leases, assignments, overriding royalty assignments, mineral and royalty deeds, farmout and farmin agreements, option agreements, pooling agreements and declarations, assignments of production payments, unit agreements, unit operating agreements, joint operating agreements, joint venture agreements, surface leases, agreements for the disposal of salt water, production marketing contracts, division orders and the like. Seller is not in breach or default with respect to any of its obligations pursuant to any Basic Documents or any regulations incorporated therein or governing same, except in a manner which does not and will not materially reduce the value of the Assets. All payments due under each Basic Document with respect to Seller's interest herein have been made and there has not occurred any event, fact or circumstances which, with the lapse of time or the giving of notice, or both, would constitute a breach or default by Seller which would materially reduce the value of the Assets. Seller has not been given or threatened to give notice of any action to terminate, cancel, rescind or procure a judicial reformation of any Basic Document or any provision thereof. A list of the contracts and agreements which

materially affect the Assets and constitute Basic Documents is attached as Exhibit "D" and incorporated herein by reference.

The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach of, constitute a default under, or result in a violation of the provisions of any Basic Document and will not conflict with any provision of the agreements pursuant to which the interests of Seller in or by virtue of any Basic Document was created.

- (i) LEASES AND AGREEMENTS. With respect to the Basic Documents, Seller or, to the best of Seller's knowledge, a predecessor in interest of Seller has fulfilled all requirements applicable to Seller for filings, certificates, disclosures of parties in interest, and other similar matters contained in leases and other instruments (or otherwise applicable thereto by law, rule or regulation) and Seller is fully qualified to own and hold the interest of Seller therein.
- (j) OPERATING AGREEMENTS. With respect to the joint, unit or other operating agreements relating to the Assets (1) there are no outstanding calls or payments under authorities for expenditures for payment which are due by Seller or which it has committed to make which have not been made with respect to the Assets; (2) there are no drilling or development operations currently being conducted on or in respect of the Assets, and there are no remaining payout accounts applicable to the Assets resulting from the failure of any party to participate in material operations heretofore conducted on or in respect of an Asset; (3) there are no material operations under the operating agreements with respect to which Seller has become a non-consenting party, and no Asset is presently or, as the result of any election heretofore made, will be relinquished because of non-participation in any operation pursuant to any operating agreement; and (4) there are no pending investment adjustments applicable to Seller because of changes in participation under any unit operating agreement or otherwise. The operating agreements are described in Exhibit "D" attached hereto.
- (k) GAS CONTRACTS AND RELATED MARKETING AGREEMENTS. Set forth in Exhibit "D" hereto is a schedule of all gas sales agreements to which the Assets are subject, directly or by act of a third party, or by which any interest of Seller in gas produced from or attributable to an Asset is otherwise disposed of, which provide for a term in excess of thirty (30) days or which can not be terminated by Seller by notice not in excess of thirty (30) days. No gas sales agreement warrants the amount of gas to be delivered. Seller, or, to the best of Seller's knowledge, a predecessor in interest of Seller, has made all filings necessary under any law or regulation to (i) allow it to obtain the maximum lawful price allowed by such law or regulation for natural gas produced from or attributable to the Assets and (ii) authorize the sale of its natural gas. Approvals of such filings have been obtained or, with respect to pending filings, Seller has no knowledge of any reason why such approval will not be forthcoming in the normal course; and no purchaser of natural gas is withholding payment of the full share of the proceeds of all sales made by Seller.

Also set forth in Exhibit "D" hereto is a schedule of all transportation, gathering, compressing, treating, marketing and other agreements which relate to or affect the sale of gas produced from the Assets.

- (l) LIQUID SALES AGREEMENTS. All crude oil and condensate sale arrangements relating to its share of liquids produced from the Assets may be terminated upon not more than 60 days' notice without penalty or detriment. No purchaser of liquids is withholding payment of the full share of Seller of the proceeds of all sales, other than for matters of title or completion of division orders.
- (m) PREPAYMENTS AND GAS BALANCING. With respect to the Assets, (i) there are no "take-or- pay" prepayments for which an obligation of Seller to deliver gas after the Effective Time exists, (ii) Seller is not obligated, under any prepayment arrangement, "take or pay" contract, production payment agreement or other arrangement, to deliver hydrocarbons at some future time without then or thereafter receiving full payment therefor, (iii) there are no imbalances resulting from any gas balancing agreement except those routinely occurring when actual production has varied from allowables, which are not considered material and which are routinely corrected and adjusted periodically, and those as a result of which there presently exists an obligation and corresponding account for cash balancing, which are not recoupable or collectible from production from the Assets.
- (n) INFORMATION. All historical production and accounting data provided by Seller to Buyer and used by Buyer in determining the value of the Assets is true and correct in all material respects.
- (o) LIENS AND ENCUMBRANCES. The Assets will be transferred as of the Closing Date (evidenced by proper, recordable releases, waivers and/or other similar documents furnished at or before Closing) free and clear of all liens, security interests, mortgages, pledges, preferential purchase rights, consents to assign and/or other encumbrances or claims affecting, placed, caused to be placed or allowed to be placed on the Assets by Seller other than the following (the "Permitted Encumbrances"):
 - (i) Contractual obligations under the Basic Documents ("Contractual Liens");
 - (ii) Materialmen's liens, mechanics' liens and other similar statutory and common law liens arising in the ordinary course of business with respect to obligations not yet due, or due but not yet delinquent ("Statutory Liens");
 - (iii) Imperfections of title and encumbrances which are immaterial in nature, amount or extent and which do not substantially detract from the value or interfere with the use of the Assets subject thereto or affected thereby or otherwise impair the operations being conducted thereon ("Immaterial Imperfections"); and
 - (iv) Royalties, overriding royalties, production payments and other non-cost bearing interests in production used in the determination of the net revenue interests attributable to the Assets ("Other Burdens").

- (p) **CONTRACTS AND AGREEMENTS.** There are no contracts or agreements to which Seller is a party or subject which materially and adversely affect the value or marketability of the Assets, except as set forth in the Basic Documents and/or reflected or referenced in county records.
- (q) **TAXES.** All taxes, assessments, penalties, interest and levies by any governmental authority or agency assessed against the Assets, which Seller has not, in good faith, protested, have been properly paid, prior to delinquency.
- (r) **NO PREFERENTIAL RIGHTS OR CALLS.** There are no preferential rights of purchase, consents to assignment, first rights of refusal or other required consents, nor are there any calls on production (including preferential rights to purchase production) affecting the Assets.
- (s) **PERMITS.** Except as otherwise specified in this Agreement (i) Seller has obtained all permits, licenses, certificates and authorizations required by federal, state and local law in connection with the ownership and operation of the Assets (collectively the "Permits"), made all filings and reports related thereto and paid all fees necessary or appropriate to obtain such Permits, and (ii) the Permits, and the filings and reports related thereto, are in full force and effect, and no violations have been reported to Seller in respect of any such Permits, or the filings or reports related thereto, and no judicial, administrative or arbitral proceeding is pending or, to Seller's knowledge, threatened, relating to the revocation or limitation of any such Permits, or the filings or reports related thereto.
- (t) **CURTAILMENTS.** There are no curtailments of takes, failures or refusals of purchasers of production to take under existing production purchase contracts or refund obligations relating to the Assets.
- (u) **WELLS: DRILLING, OPERATIONS, ALLOWABLES.**
- (i) all of the wells in which Seller has an interest by virtue of its ownership of the Assets have been drilled and completed within the boundaries of the Leases or within the limits otherwise permitted by applicable pooling and/or other agreements, Leases and law;
 - (ii) the drilling and completion of such wells and all development and operations on the Leases have been conducted in compliance with all applicable Leases, the Basic Documents, laws, Permits, regulations and orders; and
 - (iii) none of such wells is subject to penalties on allowables because of overproduction or other violation of any applicable law, permit, regulation or order that would prevent such well from being entitled to its full legal and regular allowable from and after the Effective Date as prescribed by applicable governmental authority.
- (v) **STATE OF REPAIR OF EQUIPMENT.** The Wells and Equipment have been maintained in a state of repair such that they have been and presently are adequate for normal operations in accordance with standard industry practice in the area in which they are used.

- (w) SUITS. There is no suit, action, claim, or, to the best of Seller's knowledge, investigation or inquiry by any person or entity or by any administrative agency or governmental body, including, without limitation, condemnation, expropriation, surface damage, waste disposal, property damage, automotive and public liability or forfeiture proceedings against Seller in respect of the Assets.
- (x) LEASE PAYMENTS. All rental, royalty, shut-in royalty and other lease accounts with respect to the Assets are current, and all payments required thereunder have been made. All material surface damage, waste disposal, right-of-way or other obligations of them to landowners and lessors asserted prior to the Effective Time have been paid.
- (y) PARTNERSHIPS. None of the Assets is subject to a tax partnership or other partnership.
- (z) BANKRUPTCY PROCEEDINGS. Seller is not contemplating bankruptcy and, to the best of Seller's knowledge, no bankruptcy or receivership proceedings are being threatened or contemplated against Seller.
- (aa) NON-FOREIGN SELLER. Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code.
- (bb) MATERIAL. As used in this Section 2.1 the term "material" or "materially" shall mean the sum of \$10,000, so that "materially affect", "materially adversely affect" or "materially reduce the value" shall mean a loss or reduction in value of \$10,000 or more.
- (cc) MATERIAL ADVERSE CHANGES. There shall have been no adverse material changes in the condition of the Assets from the Effective Date up to Closing, except for the depletion of oil, gas and other hydrocarbon reserves and ordinary wear and tear of the Wells and Equipment.

II.2 WARRANTIES AND DISCLAIMERS.

- (a) SPECIAL WARRANTY. The Assignment and Bill of Sale to be delivered to Buyer pursuant to Section 6.3(a) below will contain a "special warranty" by which Seller will agree to warrant and defend title to the Assets to Buyer, its successors and assigns, against every person whomsoever lawfully claiming the Assets or any part thereof by, through or under Seller (the "Special Warranty").
- (b) DISCLAIMERS. Except for the Special Warranty given pursuant to Section 2.2 (a) and except as otherwise expressly provided in this Agreement, SELLER HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED. ALL OF SELLER'S INTERESTS IN THE WELLS AND EQUIPMENT ARE BEING SOLD "AS IS, WHERE IS AND WITH ALL FAULTS," AND WITHOUT WARRANTY OF MERCHANTABILITY, CONDITION OR FITNESS FOR A PARTICULAR PURPOSE, EXPRESS OR IMPLIED.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

OF BUYER

Except as otherwise provided in Exhibit "E" attached hereto and made a part hereof, Buyer represents as follows:

III.1 Buyer represents and warrants to Seller as follows:

- (a) ORGANIZATION AND GOOD STANDING. Buyer is a duly organized and validly existing Texas limited partnership and is duly authorized and qualified to transact business in the State of Texas and to own the Assets.
- (b) POWER. Buyer has all requisite power and authority to execute and deliver, and to perform all its obligations under, this Agreement and all other documents and instruments executed in connection herewith.
- (c) APPROVAL. The execution and delivery by Buyer of this Agreement and all other documents contemplated hereby or referred to herein have been duly authorized by all necessary partnership action and do not and will not (i) require any consent or approval of its limited partner, (ii) violate its agreement of limited partnership, or (iii) to its knowledge violate any provisions of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to it.
- (d) GOVERNMENT CONSENT. No authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, is or will be necessary to the valid execution, delivery or performance by Buyer of this Agreement or any other document contemplated hereby or referred to herein.
- (e) BINDING OBLIGATION. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditors' rights.
- (f) BROKERS. If any obligation or liability of Buyer exists for brokers' or finders' fees in respect of the matters provided for in this Agreement, such obligation or liability shall be the sole obligation of it, and Seller shall have no responsibility therefor. Buyer has notified Seller prior to or at the execution hereof of whether or not Buyer is or will be obligated for any brokers' or finders' fees relating to the transactions contemplated by this Agreement.

ARTICLE IV
ENVIRONMENTAL AND TITLE INSPECTIONS;

PRE-CLOSING CONDUCT

IV.1 ENVIRONMENTAL REVIEW AND DEFECTS.

- (a) INSPECTION OF ASSETS. Following execution of this Agreement and through the time of Closing, Buyer shall have full access to the Assets so that Buyer may visually (and otherwise) fully inspect the Lands, and the Wells and Equipment, and conduct or cause to be conducted such environmental survey(s) in connection therewith which Buyer, in its sole discretion, deems advisable or prudent.
- (b) NOTICE AND VALUATION OF ENVIRONMENTAL DEFECTS. On or before March 15, 1998, at 6:00 p.m., local time where the Assets are located, Buyer shall furnish written notice to Seller advising of any Environmental Defects (defined in Section 4.1 (d) below) (the "Environmental Defects Notice"). In the Environmental Defects Notice, Buyer may request reduction of the Base Purchase Price for any of the adversely affected portions of the Assets. The Environmental Defects Notice shall clearly indicate the nature and a detailed description of each of the alleged Environmental Defects, the portion(s) of the Assets to which the Environmental Defect relates, and the dollar amount which Buyer believes, based upon good faith, reasonable estimates, would be necessary to rectify or remediate same. Seller shall have the right, but not the obligation, to attempt to cure any or all of the Environmental Defects alleged in the Environmental Defects Notice at any time prior and up to Closing. In the event Seller is unable or unwilling to materially and substantially cure the alleged Environmental Defect(s) by the time of Closing, Buyer and Seller will confer and use their best, good faith efforts to agree on the validity of the claim of such Environmental Defect(s) and the amount(s), if any, by which the Base Purchase Price should be adjusted in connection therewith.
- (c) FAILURE TO AGREE ON ADJUSTMENTS FOR ENVIRONMENTAL DEFECTS. In the event the parties cannot mutually agree on an adjustment to the Base Purchase Price for any Environmental Defect(s) which have been alleged in the Environmental Defects Notice, as provided above, Buyer shall have the right to (i) proceed to Closing and accept the Assets with such alleged Environmental Defect(s) without any corresponding adjustment to the Base Purchase Price, or (ii) terminate this Agreement as to that portion of the Assets adversely affected by such alleged Environmental Defect(s) (the "Properties Excluded Due to Environmental Defect") and receive a corresponding adjustment to the Base Purchase Price by deducting therefrom the value(s) allocated to the Properties Excluded Due to Environmental Defect in Exhibit "B" attached hereto.
- (d) "ENVIRONMENTAL DEFECT" DEFINED.
- (i) DEFINITION OF "ENVIRONMENTAL DEFECT". "Environmental Defect(s)" shall mean the existence of any condition (i) which constitutes a violation of any of the Environmental Laws applicable to the Assets and/or Seller and (ii) to which prompt remedial or corrective action either is required by law or would otherwise be undertaken by a prudent operator of oil and gas properties and/or gas gathering or water disposal systems, as the case may be.
- (ii) DEFINITION OF "ENVIRONMENTAL LAWS". "Environmental Laws" shall mean any and all constitutional provisions, statutes, acts, codes, regulations, rules, ordinances, orders, decrees, rulings, proclamations, resolutions, judgments, decisions,

declarations, or interpretative or advisory opinions or letters of any federal, state or local governmental authority (whether executive, legislative or judicial or otherwise) pertaining to health or the environment, including, without limitation, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Federal Water Pollution Control Act or Clean Water Act ("CWA"), the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976 ("RCRA"), the Toxic Substances Control Act, the Hazardous & Solid Waste Amendments Act of 1984, the Superfund Amendments and Preauthorization Act of 1986, the Hazardous Materials Transportation Act, the Emergency Planning and Community Right to Know Act of 1986, the Federal Safe Drinking Water Act, the Federal Water Pollution Control Act, and the Used Oil Recycling Act. For purposes of this Agreement, the terms "hazardous substance," "release" (when used in the context of environmental or health matters) and "threatened release" have the meanings specified in CERCLA, the terms "pollutant" and "discharge" (or "discharge of a pollutant") have the meanings specified in CWA, and the terms "solid waste", "hazardous waste" and "disposal" (or "disposed") have the meanings specified in RCRA; provided, however, that (A) to the extent the laws of the states in which the Assets are located establish a meaning for "hazardous substance", "release", "pollutant", "discharge", "solid waste", "hazardous waste" or "disposal" that is broader than that specified in CERCLA, the CWA or RCRA, such broader meaning shall apply; and (B) the terms "hazardous substance", "solid waste" and "hazardous waste" shall include all oil and gas exploration and production wastes that may present an endangerment to public health or welfare or the environment, even if such wastes are specifically exempt from classification as hazardous substances, solid wastes or hazardous wastes pursuant to CERCLA or RCRA or the applicable state analogues to those statutes.

IV.2 TITLE REVIEW AND DEFECTS.

- (a) REVIEW OF PERTINENT FILES AND DOCUMENTS. Following execution of this Agreement, Buyer shall have full access, during reasonable hours, to the records, documents, materials and files in Seller's possession (or to which Seller has convenient access) relating to the Assets, including, but not limited to, accounting records, and geological, geophysical, well, land and legal files, but only insofar as they relate to the Assets. Seller shall allow Buyer to copy any such records, documents, materials and files in Seller's possession (with the understanding that if this Agreement is terminated and Closing has not occurred, Buyer shall immediately deliver to Seller all such copies). Buyer shall make such other examination of title to the Assets as Buyer, acting in its sole discretion, deems necessary or advisable.
- (b) NOTICE OF TITLE DEFECTS. On or before March 15, 1998, at 6:00 p.m., local time where the Assets are located, Buyer shall furnish written notice to Seller advising in full detail of any Title Defects (defined in Section 4.2 (d) below) found by Buyer to adversely affect Seller's title to the Assets and which of such Title Defects, if any, Buyer is willing to waive (the "Title Defects Notice"). The Title Defects Notice shall include Buyer's suggested means for curing the alleged Title Defects set forth therein, but such suggestions shall not be binding upon Seller.

- (c) RIGHTS OF THE PARTIES REGARDING TITLE DEFECTS. Seller shall have the right, but not the obligation, to attempt to cure any alleged Title Defect prior to Closing and at any time thereafter up to and including one hundred twenty (120) days following Closing (the "Cure Period").
- (i) TITLE DEFECTS UNCURED AT CLOSING. If, at Closing, Seller has been unable or unwilling to cure an alleged Title Defect which has been timely and properly asserted in the Title Defects Notice, (i) Seller shall retain that portion of the Assets affected by the alleged Title Defect to Buyer at Closing (the "Retained Properties"), and (ii) Buyer and Seller shall confer and use their best efforts to agree on the validity of the claim of the alleged Title Defect and the amount which Buyer will retain from the Base Purchase Price while Seller attempts to cure all such Title Defects during the Cure Period (the "Title Retention Amount"). If during the Cure Period, Seller is able to cure the alleged Title Defect to the reasonable satisfaction of Buyer, Buyer shall promptly remit to Seller that portion of the Title Retention Amount that is allocated to such cured Title Defect and, simultaneously therewith, Seller shall deliver to Buyer an assignment, on a form substantially the same as the Assignment and Bill of Sale provided for in Section 6.3(a) below, conveying to Buyer that portion of the Retained Properties previously affected by such Title Defect; provided, however, if the Title Defect is cured and the assignment made after the Closing Date, then the portion of the Title Retention Amount which Buyer is required to remit to Seller shall be reduced by an amount equal to the net proceeds of production actually received by Seller from the Effective Date up to the time of remittance attributable to the portion of the Retained Properties being assigned (after first deducting from net proceeds an amount equal to the total capital expenditures actually paid by Seller in connection therewith during such time period).
- (ii) TITLE DEFECTS UNCURED AT END OF CURE PERIOD. If, upon the expiration of the Cure Period, Seller has been unable or has elected not to cure one or more of the outstanding Title Defects (of which Seller was notified in the Title Defects Notice under the provisions of Section 4.2 (b) above), then, unless otherwise agreed by Seller and Buyer, Buyer shall have the right to (i) waive one or more of the Title Defects and receive assignment from Seller of all or a portion of the Retained Properties affected by such uncured Title Defects and, simultaneously therewith, remit to Seller that portion of the Title Retention Amount (less the net proceeds of production actually received by Seller during the period from the Effective Date through the date such assignment is made, after first deducting from the net proceeds an amount equal to the total capital expenditures actually paid by Seller in connection therewith, in accordance herewith, during such period) attributable thereto, and/or (ii) refuse assignment from Seller of all or any portion of the Retained Properties affected by the uncured Title Defects and retain that portion of the Title Retention Amount allocated thereto. If pursuant to this provision Buyer elects to receive assignment of any or all of the Retained Properties, Seller shall

convey such Retained Properties to Buyer by assignment, on a form substantially the same as the Assignment and Bill of Sale provided for in Section 6.3(a) below, which shall be effective as of the Effective Date.

(iii) ADJUSTMENTS TO BASE PURCHASE PRICE FOR UNCURED TITLE DEFECTS. In the event the parties are unable to mutually agree upon a Title Retention Amount for an alleged Title Defect (of which Seller was notified in the Title Defects Notice under the provisions of Section 4.2 (b) above), Buyer shall have the right to (i) waive the Title Defect and proceed to Closing without retaining any Title Retention Amount therefor, or (ii) terminate this Agreement as to the portion of the Assets adversely affected by the alleged Title Defect (the "Properties Excluded Due to Title Defect") and receive an adjustment to the Base Purchase Price for the Properties Excluded Due to Title Defect based upon and in accordance with the values allocated thereto in Exhibit "B" attached hereto.

(d) "TITLE DEFECT" DEFINED. The term "Title Defect(s)," as used herein, shall mean any of the following:

(i) any encumbrance, defect or other condition affecting Seller's title to the Assets (or any party thereof) which causes Seller to receive a net revenue interest percentage in the oil, gas and other hydrocarbons produced from each well included in the Assets which is greater or less than the net revenue interest percentage represented for such well in Exhibit "B" attached hereto;

(ii) any encumbrance, defect or other condition affecting Seller's title to the Assets (or any party thereof) which obligates Seller to pay for a percentage of the costs and expenses for the operation, development and maintenance of each well included in the Assets which is greater or less than the percentage of Working Interest represented for such well in Exhibit "B" attached hereto; or

(iii) any liens, security interests, mortgages, pledges, preferential purchase rights, consent requirements or other encumbrances affecting, placed, caused to be placed or allowed to be placed on the Assets by Seller, other than the Permitted Encumbrances (defined in Section 2.1 (o) above), which, based upon petroleum industry standards for the area in which the affected portion of the Assets is located, alone or in combination with other defects, will interfere with Buyer's substantial enjoyment of the Assets or adversely and substantially affect the marketability of the Assets or substantial portion thereof.

IV.3 FURTHER OBLIGATIONS. In addition to the provisions set forth in Section 4.1 and 4.2 hereof with respect to Environmental Defects and Title Defects, Seller shall be bound by the indemnification provisions of Article IX of this Agreement relating to Environmental Defects and Title Defects which are asserted subsequent to the notice dates set forth in Sections 4.1 and 4.2 hereof.

IV.4 PRE-CLOSING CONDUCT. Seller covenants and agrees that from and after the date hereof, and unless and until this Agreement is terminated or Closing occurs, as hereinafter provided:

- (a) CASUALTY LOSSES. If any of the Wells and Equipment included in the Assets is damaged or destroyed by fire, flood, storm or other casualty (herein "Casualty Loss"), Seller shall immediately notify Buyer of same and the Base Purchase Price shall be reduced by an amount estimated by Seller, and as agreed upon by Buyer, to be equal to the repair or replacement costs of the damaged facility or equipment.
- (b) PRESERVATION OF ACCURACY OF REPRESENTATIONS AND WARRANTIES. The parties shall use their respective best efforts to refrain from taking any action which would render any representation or warranty contained in Article II or III of this Agreement inaccurate as of the time of Closing. Seller will promptly notify Buyer of any claim, litigation, proceeding or governmental investigation that may be threatened or commenced against Seller involving in any way this Agreement, the transactions contemplated herein or any of the Assets.
- (c) SALES. Seller will not sell, transfer, assign, convey or otherwise dispose of any Asset other than: (i) pursuant to this Agreement; (ii) oil, gas and other hydrocarbons produced, saved and sold in the ordinary course of business; and (iii) personal property and equipment which is replaced with property and equipment of comparable or better value and utility in the ordinary and routine maintenance and operation of the Assets.
- (d) ENCUMBRANCES. Seller will not create or permit the creation of any lien, security interest or encumbrance (other than Permitted Encumbrances) on any portion of the Assets, the oil or gas produced therefrom or attributable thereto, or the proceeds thereof.
- (e) OPERATION OF PROPERTIES. Seller (i) will not agree to participate in the drilling of any new well on the Assets or fail to participate in operations thereon proposed by other parties, without the advance consent of Buyer; (ii) will not remove, cause to be removed, sell, abandon or otherwise dispose of and shall use due diligence to maintain the Assets; (iii) will perform all of the obligations of it under contracts relating to or affecting the Assets; (iv) will exercise all due diligence in safeguarding and maintaining secure and confidential all geological and geophysical maps, confidential reports and data and all other confidential information in its possession relating in any of the Assets; (v) will not knowingly take any action which will cause any purchaser of production attributable to the Assets to place in suspense any payment for production sold; (vi) will inform Buyer of all third party requests for funds with respect to operations on the Assets and will not, without providing Buyer a reasonable opportunity to instruct it, agree to participate in any proposed operation on the Assets other than routine recovery operations or operations necessary in the case of any emergency; and (vii) except for this Agreement, will not enter into or cause any contract, agreement or commitment with respect to the Assets which is not in the ordinary course of business as heretofore conducted in association with the Assets, or which involves payments, receipts or potential liabilities by Seller of an amount in excess of the sum of \$25,000.

- (f) **CONTRACTS AND AGREEMENTS.** Seller will not (i) grant any preferential right to purchase or similar right or agree to require the consent of any party to the transfer and assignment to Buyer of any Asset; (ii) enter into any gas sales contract or new crude oil sales or supply contract with respect to the Assets herein provided to be sold and conveyed which is not terminable together with any supplier-purchaser relationship or dedication accompanying such contract at will and without penalty or detriment on notice of 30 days or less; (iii) incur or agree to incur any contractual obligation or liability, absolute or contingent, with respect to the Assets which are herein provided to be sold and conveyed, except in the ordinary course of business as conducted heretofore or as otherwise provided herein; or (iv) enter into any transaction the effect of which, considered as a whole, would be to cause any Asset which is herein provided to be sold and conveyed to be materially and adversely changed as of the Effective Date.
- (g) **CONSENTS.** If any approval or consent by any federal, state or local government is required to vest good and marketable title to any interest in any Asset in Buyer and to the subsequent use and operation by Buyer thereof, Seller will exercise its best efforts, or as reasonably requested by Buyer, to obtain all such required approvals or consents. Seller will use its best efforts to obtain from all purchasers of hydrocarbons from the Assets appropriate transfer orders or letters-in-lieu of transfer orders designating Buyer as the appropriate party for payment, effective as of the Effective Time, with respect to the Assets which are sold and conveyed to Buyer hereunder.
- (h) **ABANDONMENTS.** Seller will not abandon any of the Assets without the advance written consent of Buyer, except as required by order, judgment or decree of a governmental authority.
- (i) **NOTICE OF DEFAULTS.** Seller will give prompt written notice to Buyer of any notice of default (or threat of default, whether disputed or denied) received or given by it subsequent to the Effective Time under any instrument or agreement affecting the Assets to which Seller is a party or by which it or any of the Assets is bound.
- (j) **NOTICE OF EVENTS AND PROPOSALS.** If between the date hereof and the Closing Seller becomes aware of (i) any action or occurrence arising after the date hereof which reasonably may materially affect any of the Assets, or (ii) any proposal from a third party to engage in any material transaction with respect to any of the Assets, it will give prompt written notice to Buyer of such action, occurrence or proposal.
- (k) **AMENDMENTS.** Seller will not supplement, amend, alter, modify or waive any Basic Document, insofar as it covers the interest therein which is herein provided to be sold and conveyed, except in the ordinary course of business, nor surrender, permit to expire (except upon expiration of its term) or terminate any Basic Document except as may be authorized by Buyer in writing in each instance.
- (l) **NO SHOP.** Seller agrees from the date hereof through the Closing that neither Seller nor any of its officers, directors or any other person or entity representing Seller will engage in any discussions or negotiations with others or otherwise solicit interest with respect to purchase

of the Assets or which would negatively affect the ability of Buyer to complete the acquisition of the Assets as structured.

ARTICLE V
PROCEEDS, ROYALTY OBLIGATIONS, EXPENSES AND TAXES

- V.1 ACCOUNTING FOR PRODUCTION AND PROCEEDS OF PRODUCTION. Ownership of all production from the Assets shall pass from Seller to Buyer as of the Effective Date (except that Seller shall retain ownership and shall be entitled to all proceeds from the sale of any oil above the pipeline connections in all storage tanks attributable to the Assets as of the Effective Date). If Seller should at any time subsequent to the Closing Date receive from any purchaser of production any proceeds attributable to production from the Assets occurring after the Effective Date (other than as provided in the parenthetical clause of the preceding sentence), Seller shall without delay remit all such proceeds to Buyer. Similarly, if Buyer should at any time receive any proceeds attributable to any production occurring prior to the Effective Date, Buyer shall without delay remit same to Seller.
- V.2 ROYALTY OBLIGATIONS; EXPENSES. Seller shall be responsible for the payment of all overriding royalty, royalty and other leasehold obligations, operating expenses and capital expenses attributable to the Assets accruing prior to the Effective Date. Buyer shall be responsible for payment of all overriding royalty, royalty and other leasehold obligations, operating expenses and capital expenses attributable to the Assets accruing after the Effective Date, subject to the limitations set forth in Article VIII. Any party who pays any such obligations which are the responsibility of the other shall be entitled to prompt reimbursement upon issuance to the responsible party of evidence of such payment.
- V.3 SALES AND OTHER TRANSFER TAXES. Buyer shall bear the cost of all applicable sales taxes, real property transfer taxes and other taxes (excluding income taxes), if any, payable as a result of the transfer of the Assets.
- V.4 AD VALOREM AND OTHER TAXES. All taxes on the ownership or operation of the Assets, including real estate taxes (other than the taxes referred to in Sections 5.3 and 5.6 hereof), which are imposed with respect to periods or portions of periods prior to the Effective Date shall be the burden of Seller and all such taxes imposed with respect to periods or portions of periods after the Effective Date shall be the burden of Buyer. Any party who pays any such taxes which are the responsibility of the other party shall be entitled to prompt reimbursement upon issuance to the responsible party of evidence of such payment (which reimbursement shall, if possible, be in the form of a credit to or deduction from the Base Purchase Price).
- V.5 JOINT BILLING AUDITS; CREDITS. Seller shall be responsible for settlement of all joint billing audits which relate to accounting periods prior and up to the Effective Date. Buyer shall be responsible for the settlement of all joint billing audits which relate to accounting periods from and after the Effective Date. Any credits or other consideration received by Buyer after the Effective Date attributable to expenses paid by Seller prior to the Effective Date shall be reimbursed to Seller by Buyer immediately upon receipt of same.

- V.6 INCOME AND FRANCHISE TAXES. For purposes of federal, state and local income and franchise taxes and other similar taxes, it is the intent of the parties that ownership of the Assets shall pass to Buyer as of the Effective Date herein, and that Buyer shall bear all such taxes attributable to the Assets accruing after the Effective Date and Seller shall bear all such taxes attributable to the Assets accruing prior to the Effective Date.

ARTICLE VI
CLOSING

VI.1 CONDITIONS TO CLOSING.

- (a) CONDITIONS TO BUYER'S CLOSING OBLIGATIONS. The obligations which Buyer is required to perform at Closing are subject to the satisfaction of the following conditions, any one or more of which may be waived in whole or in part by Buyer:
- (i) REPRESENTATIONS AND WARRANTIES TRUE. The representations and warranties in Section 2.1 (a), (b), (c), (d) and (e) shall be true and correct as of Closing.
 - (ii) PERFORMANCE OF OBLIGATIONS OF SELLER. Seller shall have performed all material obligations it is required to perform under this Agreement prior to or at Closing.
 - (iii) NECESSARY CONSENTS AND WAIVERS. Seller shall have obtained all material consents and waivers required from third parties (including, without limitation, consents and waivers of required in connection with Paragraphs 3 and 4 of Exhibit "C" hereto) and/or shall have taken such other actions necessary to the consummation of the transactions contemplated by this Agreement including, but not limited to, the release(s) of all encumbrances, if any, adversely and materially affecting the Assets (excluding the Permitted Encumbrances).
 - (iv) NO LITIGATION. No suit or other proceedings shall be pending before any court or governmental agency seeking to restrain or prohibit the transaction contemplated by this Agreement.
 - (v) NO VIOLATION OF COURT ORDER. The Closing shall not violate the order or decree of any court or governmental body having competent jurisdiction.
 - (vi) TRANSFER DOCUMENTS. Seller shall have prepared and executed all documents necessary to transfer title to the Assets to Buyer as well as all change of operator forms necessary to transfer operations of wells operated by Seller to Lomak Production Company (the general partner of Buyer).
 - (vii) AMI AGREEMENT. Seller and Buyer shall have executed and delivered a recordable Area of Mutual Interest Agreement ("AMI Agreement") with respect to the Reserved Assets on a form substantially the same as the AMI Agreement attached as Exhibit "F" attached hereto and incorporated herein.

- (b) CONDITIONS TO SELLER'S CLOSING OBLIGATIONS. The obligations which Seller is required to perform at Closing are subject to the satisfaction of the following conditions, any one or more of which may be waived in whole or in part by Seller:
- (i) REPRESENTATIONS AND WARRANTIES TRUE. The representations and warranties in Section 3.1 (a), (b), (c), (d) and (e) shall be true and correct as of Closing.
 - (ii) PERFORMANCE OF OBLIGATIONS OF BUYER. Buyer shall have performed all material obligations it is required to perform under this Agreement prior to or at Closing.
 - (iii) NO LITIGATION. No suit or other proceedings shall be pending before any court or governmental agency seeking to restrain or prohibit the transaction contemplated by this Agreement.
 - (iv) NO VIOLATION OF COURT ORDER. The Closing shall not violate the order or decree of any court or governmental body having competent jurisdiction.
 - (v) REQUIRED BONDING. Lomak Production Company shall have secured the necessary bonding required for operations on the Assets as required by all applicable governmental agencies.
 - (vi) AMI AGREEMENT. The AMI Agreement shall have been executed and delivered by Seller and Buyer.

VI.2 DATE AND PLACE OF CLOSING. Closing of the purchase and sale contemplated in this Agreement ("Closing") will occur in accordance with the terms and provisions hereof at Seller's offices in Midland, Midland County, Texas, at 10:00 a.m. on or before March 31, 1998 (the "Closing Date"), or at such other time or place upon which the parties may agree in writing.

VI.3 CLOSING OBLIGATIONS. At Closing, the following events shall occur, each being a condition precedent of the others and each being deemed to have occurred simultaneously with the others:

- (a) DELIVERY OF ASSIGNMENT AND BILL OF SALE. Subject to the provisions of Sections 4.1 and 4.2 above, Seller shall execute, acknowledge and deliver to Buyer an executed conveyance document, substantially in the same form as that which is attached hereto and made a part hereof as Exhibit "G" (the "Assignment and Bill of Sale") and such other instruments of transfer and assignment (including any transfers or assignments required by state or federal agency) necessary or convenient to fully effectuate the transfer of the Assets to Buyer.
- (b) DELIVERY OF POSSESSION. Seller shall deliver to Buyer the right to exclusive possession of the Assets and Buyer shall take possession of the Assets, effective as of the Effective Date.
- (c) DELIVERY OF PURCHASE PRICE. Buyer shall deliver to Seller, by wire transfer to Seller's bank or other financial institution (pursuant to Seller's instruction) or as otherwise directed by Seller, the cash portion of the Purchase Price, as determined in accordance with Section 1.2 above.

- (d) LETTERS IN LIEU. Seller shall furnish to Buyer executed, acknowledged transfer orders or letters in lieu of transfer orders, made effective as of the Effective Date, directing all purchasers of production to make payments of proceeds of production attributable to the Assets to Buyer.
- (e) OTHER DOCUMENTS. Seller and Buyer shall execute, acknowledge and deliver such other instruments and take such other action as may be necessary to fulfill their respective obligations under this Agreement, including without limitation forms required in connection with the transfer of the Assets or operation thereof by applicable governmental agencies and regulations.
- (f) SETTLEMENT STATEMENT. Seller shall prepare and Seller and Buyer shall execute and deliver a settlement statement which sets forth the Purchase Price, any adjustments (including calculations used in making same) to the Purchase Price made in accordance herewith and any portions of the Purchase Price retained by Buyer as Title Retention Amount under Section 4.2 above; provided that if no adjustments to the Purchase Price are necessary and Buyer has retained no Title Retention Amount, the parties may forego a settlement statement.
- (g) TRANSFER OF OPERATIONS FORMS. Seller and Lomak Production Company shall execute Texas Railroad Commission Forms P-4 designating Lomak Production Company operator of the Assets previously operated by Seller, subject however, to the rights of third parties under applicable operating agreements, and Seller shall file such forms with the Texas Railroad Commission.
- (h) SELLER CERTIFICATE. Seller shall deliver to Buyer, (i) a certificate signed by a responsible officer of Seller certifying that all of the representations and warranties of Seller made hereunder are true and correct at and as of Closing, as if made on the Closing Date, (ii) a certified copy of the Board of Directors of Seller authorizing transactions contemplated by this Agreement, such certified copy to show the dates of adoption and that on the Closing Date the resolutions have not been rescinded or modified, and (iii) a Certificate of the Secretary of Seller showing the incumbency of the officers of Seller executing instruments on behalf of Seller.
- (i) BUYER CERTIFICATE. Buyer shall deliver to Seller (i) a certificate signed by a responsible officer of Lomak Production Company, as the general partner of Buyer, certifying that all of the representations and warranties of Buyer made hereunder are true and correct at and as of Closing, as if made on the Closing Date, (ii) a certified copy of the Board of Directors resolution of Lomak Production Company authorizing the transaction contemplated by the Agreement, on behalf of Buyer, such certified copy to show the date of adoption and that on the Closing Date it has not been rescinded or modified, (iii) a certificate of the secretary of Lomak Production Company showing the incumbency of the officers of Lomak Production Company executing instruments on behalf of Buyer, and (iv) such documents as may be reasonably requested by Seller demonstrating that Lomak Production Company

is a qualified operator with the Texas Railroad Commission and has posted all bonds required by it.

- (j) SUSPENSE FUNDS. Seller shall deliver to Buyer all funds held in suspense by Seller with respect to the Assets together with a report in reasonable detail setting forth the reasons such funds are held in suspense.
- (k) AMI AGREEMENT. Seller and Buyer shall have executed and delivered the AMI Agreement.

ARTICLE VII
TERMINATION OF AGREEMENT

VII.1 TERMINATION. Notwithstanding anything else herein to the contrary, this Agreement may be terminated, without recourse, by:

- (a) Buyer or Seller, if:
 - (i) after the date of this Agreement, any legislation which would have the effect of prohibiting or making unlawful the acquisition or ownership of the Assets by Buyer or the conveyance or sale of the Assets by Seller has been enacted into law;
 - (ii) at Closing, the total value of the following is equal to or exceeds ten percent (10%) of the Base Purchase Price:
 - (1) the Properties Excluded Due to Environmental Defects under Section 4.1 (c) above (Environmental Defects relating to the Assets which remain uncured and which have not been waived by Buyer);
 - (2) the Retained Properties under Section 4.2 (c) (iii) above (Title Defects relating to the Assets which remain uncured and which have not been waived by Buyer);
 - (3) the total dollar amount of the adjustments made to the Base Purchase Price, if any, for Environmental Defects asserted in the Environmental Defects Notice, as agreed by the parties under Section 4.1 (b);
 - (4) the total dollar amount of the adjustments made to the Base Purchase Price, if any, for Title Defects asserted in the Title Defects Notice, as agreed by the parties under Section 4.2 (c) (iii); including, without limitation, adjustments made as a result of Seller's inability to deliver all or any portion of the Outstanding Non-Operated Interests (as defined in Section 10.18); and,
 - (5) material breaches of the representations and warranties of Seller (determined in accordance with Section 2.1 (bb) above), remaining uncured and not waived by Buyer; including, without limitation, the exercise by

Altura Energy Ltd. (and any other party holding such right) of its preferential right to acquire all or any portion of the Assets, or the failure to grant any required consent to the sale hereunder.

The respective values relating to each of the above shall be determined in accordance with the allocations set forth in Exhibit "B" hereto.

(b) Buyer, if at Closing:

- (i) any condition set forth in Section 6.1(a) hereof has not been satisfied by Seller or otherwise cured, as the case may be (or waived by Buyer); or,
- (ii) Seller fails to perform any of its material obligations under Section 6.3 (and Buyer is not then in default under the terms of this Agreement).

(c) Seller, if at Closing:

- (i) any condition set forth in Section 6.1(b) hereof has not been satisfied by Buyer or otherwise cured, as the case may be (or waived by Seller); or,
- (ii) Buyer fails to perform any of its material obligations under Section 6.3 (and Seller is not then in default under the terms of this Agreement).

7.2 DISPOSITION OF PERFORMANCE DEPOSIT UPON TERMINATION. If this Agreement is terminated by either party pursuant to Section 7.1 (a), by Buyer pursuant to Section 7.1 (b), or by Seller based upon a breach of Section 6.1 (b) (iii) or (iv), the Performance Deposit, together with any interest which may have accrued thereon, shall be returned to Buyer. If this Agreement is terminated by Seller pursuant to Section 7.1 (c) above (excluding termination due to Buyer's breach of Section 6.1 (b) (iii) and/or (iv) above), the Performance Deposit, together with any and all interest which may have accrued thereon while in escrow under Section 1.2 (b) above, shall be immediately remitted to Seller in accordance with the terms of the escrow agreement executed pursuant to said Section 1.2 (b); and, in such event, the Performance Deposit and the interest thereon shall be retained by Seller as liquidated damages (and not as a penalty), it being agreed by the parties that, given the special circumstances of the transactions contemplated herein, such amount is a reasonable sum for liquidated damages, and it would otherwise be extremely difficult, if not impossible, to ascertain actual damages.

ARTICLE VIII
OBLIGATIONS AFTER CLOSING

VIII.1 POST-CLOSING ADJUSTMENTS. If any charges or credits to the Purchase Price (including but not limited to income received by either party which is owned by the other party and expenses charged to either party which are properly the responsibility of the other party, if any) become evident following Closing, then within 180 days after Closing the parties will cooperate in the preparation of a final settlement statement reflecting in detail such charges and/or credits. In such final settlement:

- (a) CREDITS TO SELLER. Seller shall be credited with:
- (i) The value of all merchantable oil above the pipeline connections in all storage tanks at the Effective Date that is credited to Seller's net revenue interest in the Assets, such value to be the actual price received by Buyer for sale of same less any taxes properly withheld by the purchaser of same.
 - (ii) The amount of all costs and expenses including, but without limitation, royalties, rentals and other charges, ad valorem, property, production, excise, severance, windfall profit and other taxes (not including income taxes) based upon or measured by the ownership of the Assets or the production of hydrocarbons or the receipt of proceeds therefrom, expenses paid under applicable operating agreements through March 31, 1998, and any and all capital expenditures paid by Seller under the terms of the Operating Agreement in connection with the operation of the Assets during the period after the Effective Date.
 - (iii) An amount equal to all prepaid expenses attributable to the Assets that are paid by or on behalf of Seller prior to the Closing Date and that are, in accordance with generally accepted accounting principles, attributable to the period after the Effective Date including, but without limitation, prepaid ad valorem, property, production, severance and similar taxes (but not including income taxes) based upon or measured by the ownership of the Assets or the production of hydrocarbons or the receipt of proceeds therefrom. Any refund of windfall profit tax or other ad valorem tax attributable to the period before the Effective Date received by Buyer shall be credited to Seller.
- (b) CREDITS TO BUYER. Buyer shall be credited with:
- (i) Proceeds received by Seller that are, in accordance with generally accepted accounting principles, attributable to production from the Assets for the period of time after the Effective Date.
 - (ii) The amount of all costs and expenses including, without limitation, royalties, rentals and other charges, ad valorem, property, production, excise, severance, windfall profit and other taxes (not including income taxes) based upon or measured by the ownership of the Assets or the production of hydrocarbons or the receipt of proceeds therefrom, expenses paid under applicable operating agreements and any and all capital expenditures paid by Buyer under the terms of the applicable operating agreement in connection with the operation of the Assets during the period prior and up to the Effective Date.
- (c) OTHER DEBITS/CREDITS. In addition to the matters mentioned above, the final settlement statement shall include any other debits and credits, either cash or accrued, but excluding income and franchise taxes, which under generally accepted accounting principals would reflect transfer of ownership of the Assets on the Effective Date and which correspond with the intent of the parties as reflected in this Article VIII and Section 1.2 above.

- (d) FINAL CASH SETTLEMENT. The amount to be paid by the owing party shall be remitted thirty (30) days after the receipt of the final settlement statement. Each party shall have the right for a period of forty-five (45) days from the date of the final settlement statement in which to conduct an audit of items covered therein or relating thereto.
- (e) AUDIT OF FINAL SETTLEMENT STATEMENT. In the event Buyer and Seller are unable to mutually agree upon the amount of the settlement statement, an audit shall be conducted by a mutually acceptable accounting firm. Buyer and Seller agree to be bound by the findings of such audit insofar as the final settlement statement amount is concerned and each shall bear one-half (1/2) of all expenses incurred in connection with such audit.

VIII.2 FURTHER ASSURANCES. Following Closing, Seller agrees to execute and deliver to Buyer all such instruments, notices, transfer orders and other documents and to do all such other acts not inconsistent with this Agreement as may be necessary and advisable to carry out its obligations under this Agreement or to more fully assure Buyer, its successors and assigns, of the respective rights, titles, interests and estates herein provided to be sold, assigned and conveyed by Seller to Buyer at Closing.

ARTICLE IX
INDEMNIFICATION

IX.1 BUYER'S INDEMNITY. From and after the Closing Date, Buyer agrees to comply with the Leases, Basic Documents and other agreements, assignments, laws, ordinances, rules, regulations, treaties and decrees affecting or otherwise relating to the Assets and/or the operations conducted in connection therewith, including, without limitation, those relating to the plugging and abandonment of wells and/or abandonment of the personal property covered herein, inactive or unplugged wells, bonding requirements, and the use of explosives and shooting or pulling of casing and tubing (all in accordance with applicable laws, and the rules and regulations of any agencies exercising jurisdiction over same). Buyer agrees that it shall properly obtain and maintain in effect all licenses and permits required in connection with the Assets by any rule, law, statute, regulation or governmental agency (including the Permits). Buyer agrees to perform the aforesaid obligations and operations at its sole expense, to be solely responsible for damages arising in connection therewith, and to hold Seller harmless therefrom from and after the Closing Date. Buyer agrees to protect, defend, indemnify and hold harmless Seller, and Seller's owners, directors, officers, employees and legal representatives, from and against any and all costs, expenses, damages, claims, losses, liens (including the discharge thereof), liabilities, demands, suits, causes of action and any and all other liabilities of every character and nature, including without limitation operating expenses, capital expenditures, NORM, pollution and environmental claims (including, without limitation, those arising out of or predicated upon Environmental Laws, defined in Section 4.1 above), civil, regulatory or other damages, judgments, penalties, interest and costs, injury to person or property, plugging requirements or exceptions thereto, including bonding requirements, reasonable and necessary attorneys' and expert witness' fees, and court costs arising out of, incident to or in connection with Buyer's ownership or operation of the Assets from and after the Closing Date.

IX.2 SELLER'S INDEMNITY. In addition to Seller's obligations set forth in this Agreement including the Special Warranty, Seller agrees to indemnify Buyer as follows:

- (a) TITLE DEFECT. Subject to Section 9.2 (d) and Section 9.3 below, any claims, demands, causes of action, obligations and liabilities (including all costs and reasonable attorneys' fees) (collectively, "Loss" or "Losses") adversely affecting the value of any Asset resulting from a Title Defect asserted at any time following delivery of the Title Defects Notice up to and including ninety (90) days following Closing, shall be subject to indemnification by Seller. Seller shall have no liability for Title Defects, or Losses in connection therewith (nor shall Buyer be entitled to indemnification therefor), first asserted or claimed by any person, including Buyer, more than ninety (90) days following the date of Closing, regardless of the time period to which such Title Defects and/or Losses may relate.
- (b) ENVIRONMENTAL DEFECTS. Subject to Section 9.2 (d) and Section 9.3 below, any Loss asserted or brought by (i) any third person or any agency, branch, or representative of any federal, state or local government or (ii) Buyer for remediation, on account of any personal injury, any death, any damage, destruction or loss of property, or any contamination of natural resources (including air, soil, surface water, or ground water) resulting from or arising out of any Environmental Defect asserted by Buyer to Seller at any time following delivery of the Environmental Defects Notice up to and including one (1) year from the Closing Date, and based upon Environmental Defects existing on or before the Closing Date. Seller shall have no liability for Environmental Defects, or Losses in connection therewith (nor shall Buyer be entitled to indemnification therefor), first asserted or claimed by any person, including Buyer, more than one (1) year following the date of Closing, regardless of the time period to which such Environmental Defects and/or Losses may relate.
- (c) REPRESENTATIONS AND WARRANTIES. Subject to Section 9.2 (d) and Section 9.3 below, Seller shall indemnify Buyer for Losses of Buyer, asserted at any time after Closing up to and including one (1) year following the Closing Date, arising out of Seller's breach, prior to Closing, of any of the representations and warranties made under Section 2.1; provided, however, Seller shall have no indemnification obligation for any Losses relating to its alleged breach of Section 2.1 (v); and, further provided, Seller's indemnification obligation for Losses relating to its alleged breach of Section 2.1 (cc) shall only apply to claims or assertions made in connection with such Losses during the sixty (60) days following the Closing Date. Seller shall have no liability for the breaches of any representations or warranties under this Agreement (including, without limitation, those listed in Section 2.1), or for any Losses in connection therewith (nor shall Buyer be entitled to indemnification therefor), first asserted or brought more than one (1) year from the Closing Date, regardless of the time period to which such breaches and/or Losses may relate.
- (d) INDEMNIFICATION THRESHOLD. Notwithstanding anything herein to the contrary, Seller shall have no liability for any individual Loss claimed or asserted pursuant to Section 9.2 (a), (b) or (c) above (and Buyer shall have no right of indemnification therefor), unless such Loss exceeds \$15,000 (an "Eligible Loss"); and, Seller shall have no liability for any Eligible Loss claimed or asserted under Section 9.2 (a), (b) or (c) (and Buyer shall have no right of

indemnification therefor) unless and until the aggregate of all such Eligible Losses exceeds \$250,000. Once the aggregate of such Eligible Losses exceeds \$250,000, Seller shall be liable for all such Eligible Losses (and Buyer shall be entitled to indemnification therefor), including those used in computing such amount.

- (e) GENERAL INDEMNIFICATION. Seller agrees to protect, defend, indemnify and hold Buyer, and Buyer's owners, directors, officers, employees and legal representatives, free and harmless from and against any and all costs, expenses, damages, liens (including the discharge thereof), adverse awards, penalties, interest, claims, assertions, losses, liabilities, demands, suits, causes of action and any and all other liabilities of every kind, character and nature, including without limitation all items listed in Section 2.2 and all operating expenses, capital expenditures, civil, regulatory or other damages, judgments, penalties, interest and costs, injury to person or property, plugging requirements or exceptions thereto, including bonding requirements, reasonable and necessary attorneys' and expert witness' fees, and court costs arising out of, incident to or in connection with Seller's ownership or operation of the Assets prior and up to the Effective Date ("Seller's General Indemnity"). Notwithstanding anything herein to the contrary, Seller's General Indemnity shall not apply to Losses relating to or arising out of alleged Title Defects, Environmental Defects, or breaches of representations or warranties under this Agreement (which are covered under Sections 9.2 (a), (b), (c) and (d) above).

IX.3 INDEMNIFICATION PROCEDURES. The party claiming a right of indemnification under Section 9.1 or 9.2 above ("Claiming Party") shall deliver a written notice to the party having an indemnification obligation ("Indemnifying Party"), as soon as practicable following the time when such right accrues, but in no event later than:

- (a) ninety (90) days from the Closing Date for any claim of Loss arising in connection with an alleged Title Defect;
- (b) one (1) year from the Closing Date for any claim of Loss arising in connection with an alleged Environmental Defect; and
- (c) one (1) year from the Closing Date for any claim of Loss arising in connection with Seller's alleged breach of any representation or warranty under Article II above.

Such notice shall specify, in reasonably full detail, the facts giving rise to such claim of Loss, the alleged basis for the claim of Loss, the value attributable to such claim and all documentation, opinions and analyses in the possession of Claiming Party establishing or relating to such claim of Loss. With respect to any Loss which can be cured, the Indemnifying Party shall have the right (but not the obligation), for a period of two (2) months after receipt of such notice, to cure.

If such cure is not effected, and assuming the threshold amounts provided in Sections 9.2 have been met, where the Claiming Party is Buyer, the Indemnifying Party shall reimburse the Claiming Party for the Loss; provided, however, if the Claiming Party's right of indemnification relates to an alleged Title Defect, Environmental Defect or breach of representation or warranty under Article II, Seller may, at its option, require Buyer to reassign to Seller the portion of the Assets whose value has been

adversely affected thereby. If Seller elects to reacquire a portion of the Assets pursuant hereto (the "Reacquired Assets") , Seller shall, within thirty (30) days of Seller's election and notice thereof to Buyer, deliver to Buyer an assignment and bill of sale conveying to Seller the Reacquired Assets (the "Reassignment") and Seller shall simultaneously reimburse Buyer for the value of the Reacquired Assets. For the purposes of this provision, the value of the Reacquired Assets shall be calculated based upon the value(s) allocated thereto in Exhibit "B", less the net income accruing to the Reacquired Assets from the Effective Date through the end of the day preceding the effective date of the Reassignment. The Reassignment shall be on substantially the same form as the Assignment and Bill of Sale provided for in Section 6.3 (a) above, and shall include a special warranty of title from Buyer to Seller. The Reacquired Assets shall be delivered to Seller free and clear of any and all encumbrances, except Permitted Encumbrances.

The Indemnifying Party shall have the right to control the defense of any action, suit, hearing or proceeding (including, without limitation, settlement negotiations, mediations and arbitrations, and any trials, appeals, and other proceedings), as the Indemnifying Party's counsel shall deem appropriate. Notwithstanding the foregoing, Buyer shall have the right to control the defense of any action, including the designation of legal counsel, in matters involving governmental or judicial claims in excess of \$1,000,000. If the Claiming Party shall settle any such action, suit or proceeding without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), the right of the Claiming Party to make any claim against the Indemnifying Party on account of such settlement shall be deemed conclusively denied. Neither party shall, without the other party's consent, settle, compromise, confess judgment or permit judgment by default in any action, suit or obligation to the other party. The parties agree to make available to each other, their counsel and accountants all information and documents reasonably available to them which relate to any action, suit or proceeding, and the parties agree to render to each other such assistance as they may reasonably require of each other in order to insure the proper and adequate defense of any such action, suit or proceeding.

ARTICLE X
MISCELLANEOUS

- X.1 SURVIVAL. Articles VIII, IX and X shall survive the Closing and be deemed covenants running with the Leases and Lands comprising or relating to the Assets.
- X.2 CONFIDENTIALITY. Except as may be required by applicable laws or the applicable rules and regulations of any governmental agency or stock exchange, neither Buyer nor Seller shall issue any press release or other public announcement in which the other party is named without the prior written consent of the other party. In the event of the termination of this Agreement, Seller and Buyer shall, to the extent permitted by law, keep confidential and not use any confidential information obtained pursuant to this Agreement, unless such information is readily ascertainable from public or published information or trade sources or is received by Buyer from a third party having no obligation of confidentiality with respect to such information. Notwithstanding the above, neither Seller nor Buyer shall be precluded from informing its employees of such details of the transaction as may be reasonably be related to or reasonably necessary to effectuate the purposes of this Agreement.

- X.3 INTEGRATION; AMENDMENT AND MODIFICATION. Except as expressly set forth herein, none of the parties makes to the other any representation or warranty, whether express or implied, of any kind whatsoever. All prior understandings, representations and agreements by or between either party, whether in writing or verbal, are hereby superseded. This Agreement may not be modified, supplemented or changed in any respect except in writing, duly executed by Seller and Buyer.
- X.4 DESCRIPTIVE HEADINGS. The headings of the paragraphs and subparagraphs of this Agreement are inserted for convenience only and shall not constitute a part of this Agreement.
- X.5 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and, as Closing is to be held in the offices of Seller in Midland County, Texas, the parties agree that this Agreement is partially performable in said county for venue purposes.
- X.6 BINDING EFFECT; ASSIGNMENT. All of the terms, provisions, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, affiliates, subsidiaries and parent companies; provided, however, neither this Agreement nor any portion thereof shall be assignable or delegable by any party without the express prior written consent of the non-assigning or non-delegating party, which consent shall not be unreasonably withheld or delayed.
- X.7 NOTICES. All notices hereunder shall be sufficiently given for all purposes if in writing and delivered personally, or to the extent receipt is confirmed by the party charged with notice, sent by documented overnight delivery service, by United States Mail, telecopy, telefax or other electronic transmission service to the appropriate address or number set forth below. Notices to Seller or Buyer shall be addressed as follows:

SELLER

Trend Exploration Company
 500 N. Loraine, Suite No. 1130
 Midland, Texas 79701
 Telephone: (915) 687-3888
 Telefax: (915) 687-4108

BUYER and LOMAK

c/o Lomak Petroleum, Inc.
 500 Throckmorton Street
 Fort Worth, Texas 76012
 Telephone: (817) 870-2601
 Telefax: (817) 810-9795
 Attn: Mr. Chad L. Stephens
 Sr. Vice President

- X.8 EXPENSES. Whether or not the transactions herein contemplated are consummated, each party will pay its own expenses (regardless of kind or character) which are incident to this Agreement (including expenses incurred prior to, during and following the negotiation hereof) and to preparing for the consummation of the sale provided for herein.
- X.9 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original, and both or all of which together shall constitute one and the same instrument.
- X.10 SEVERABILITY OF PROVISIONS. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions

of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not substantively affected in an adverse manner to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effectuate the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

- X.11 CONTINUING EXISTENCE. For a period of two (2) years after the Closing Date, Seller or any of its successors that expressly assumes its obligations and liabilities hereunder, shall maintain its legal status and shall at all times own assets having a value net of liabilities of not less than \$10,000,000.
- X.12 FILING AND FILING FEES. Buyer shall pay all documentary, filing and recording fees incurred in connection with the filing and recording of the instruments of conveyance delivered pursuant hereto. As soon as practicable after Closing, Buyer shall provide Seller with recorded copies of all documents conveying the Assets to Buyer.
- X.13 WAIVER. Except as otherwise expressly provided herein, any of the terms, provisions, covenants, representations, warranties or conditions hereof may be waived only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect such party's right to enforce the same at any other time. No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provisions hereof (whether similar or dissimilar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
- X.14 LEGAL FEES. The prevailing party in any legal proceeding brought under or to enforce this Agreement shall be additionally entitled to recover from the non-prevailing party reasonable attorneys' and expert witness' fees and expenses and costs of court.
- X.15 AGREEMENT FOR THE PARTIES' BENEFIT ONLY. This Agreement is not intended to confer upon any person not a party hereto any rights or remedies hereunder, and no person, other than the parties hereto is entitled to rely on any representation, covenant, or agreement contained herein.
- X.16 ENFORCEMENT. Should Buyer or Seller default in the performance of this Agreement, the non-defaulting party shall be entitled to enforce specific performance of this Agreement, or exercise any other right or remedy it may have at law or in equity by reason of such default.
- X.17 SELLER'S RIGHT OF ENJOYMENT UPON TERMINATION. Upon any termination of this Agreement, Seller shall be free immediately to possess and enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of the Assets, or any part thereof, to any other party without any restriction due to or arising under this Agreement.
- X.18 SELLER'S ACQUISITION OF OUTSTANDING INTERESTS. As of the date of this Agreement, third parties (collectively, the "Trend Participants") own certain legal and/or contractual interests in the Powell Ranch Prospect ("Powell Ranch Prospect") and Dyad Petroleum Company Prospect ("Dyad Prospect"), which are described in Exhibit "A" hereto (the "Outstanding Non-Operated Interests"). In the aggregate, the Seller's interests in the Assets and the Outstanding Non-Operated Interests

comprise the Assets. The respective interests of Trend and the Trend Participants in the Powell Ranch Prospect and Dyad Prospect are set forth in said Exhibit "A." Seller will use reasonable efforts to acquire the Outstanding Non-Operated Interests, so that at Closing, Seller will be able to deliver to Buyer all of the Assets attributable to the Powell Ranch Prospect and Dyad Prospect. Notwithstanding anything herein to the contrary, if at Closing Seller fails to deliver any of the Outstanding Non-Operated Interests, such failure shall be deemed a Title Defect and shall be dealt with in accordance with the provisions of Section 4.2 above.

- X.19 BUYER'S OPERATIONS OF THE ASSETS. Buyer acknowledges that Seller operates some, but not all of the Assets and that its assumption of Seller's operations will be subject to the terms of provisions of the governing operating agreements and other Basic Documents, including, but not limited to, the change of operator provisions contained in the governing operating agreements.
- X.20 NON-COMPETE. Absent the prior written consent of Buyer, Seller agrees that for a period of four years following the Effective Date, Seller will not (i) acquire or attempt to acquire any interest in the oil and gas leasehold estate (whether legal or equitable, presently vested or reversionary) in, (ii) explore and/or develop for oil, gas or other hydrocarbons on, or (iii) participate in the exploration and/or development for oil, gas or other hydrocarbons on, Sections 1-5, 8-17 and 20-22, Block 35, T-3-S, and Sections 34 and 35, Block 35, T-2-S, T&P Ry. Co. Survey, Glasscock County, Texas; provided, however, this provision will not apply to the Leases and Lands comprising the Brunson/Blalock Prospect as described on Exhibit "A" hereto.
- X.21 COSTS OF RECENT WELLS. Attached hereto as Exhibit "H" and incorporated herein are the Authorities for Expenditure ("AFE's") for the following wells:
- a Hillger A #1 horizontal well, operated by Dyad Petroleum Company, which has recently been drilled and completed;
 - b. Powell 2D #4 3D well, operated by Seller, recently been drilled and completed; and
 - c. Powell #4 well, operated by Dyad Petroleum Company, which, as of the date of this Agreement is drilling but has not yet been completed.

Seller shall pay the actual drilling costs and Buyer shall pay the actual completion costs (which costs are estimated in the AFE's attached as Exhibit "G" hereto), incurred in connection with the Hillger A #1 horizontal well and the Powell 2D #4 3D well. Buyer shall pay all costs relating to the Powell #4 well, including, without limitation, the costs incurred in drilling, testing, completion, equipping, operating, plugging and abandoning such well. Any oil, gas and other hydrocarbons produced from such wells shall be owned by the parties in accordance with the other provisions of this Agreement.

Regardless of the outcome realized in the drilling of the Powell #4 well (i.e., whether such well is completed or is plugged and/or abandoned), such outcome shall not (i) serve (for any purpose) as the basis for an assertion or claim that Seller has breached any of its representations, warranties, covenants or obligations under this Agreement (including, without limitation, any of the representations or warranties set forth in Section 2.1), (ii) result in any adjustment to the Base Purchase Price, nor (iii) give rise to a claim or right of indemnification of Buyer following Closing.

This provision shall control in the event it conflicts with any other provision of this Agreement.

10.22 LOMAK GUARANTEE OF BUYER OBLIGATIONS. As an inducement to Seller to enter into this Agreement, Lomak hereby guarantees Buyer's complete and timely performance of and/or compliance with all of Buyer's obligations, representations, warranties, covenants and conditions herein, including without limitation the performance by Lomak of any actions or obligations required to be taken by Lomak under the terms of this Agreement.

SELLER:

TREND EXPLORATION COMPANY

Attest:

By: _____
Printed Name: _____
Title: _____

BUYER:

LOMAK PRODUCTION I, L.P.,
BY AND THROUGH LOMAK PRODUCTION COMPANY,
ITS GENERAL PARTNER

Attest:

By: _____
Printed Name: _____
Title: _____

LOMAK PETROLEUM, INC.

Attest:

By: _____
Printed Name: _____
Title: _____