UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-10753

WRT ENERGY CORPORATION
(Exact name of Issuer as specified in its charter)

DELAWARE	73-1521290
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1601 NW EXPRESSWAY, SUITE 700
OKLAHOMA CITY, OKLAHOMA 73118-1401
(405) 848-8808
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Indicate by check mark whether the Issuer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Issuer was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes[ ] No [X]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS.

Indicated by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes X No____.

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

<TABLE>
<CAPTION>

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
<S>	<C>
Prior to Effective Date of Plan of Reorganization:	
Common Stock, $0.01 Par Value	**
9% Convertible Preferred Stock, $0.01 par value	**
Effective Date of Plan of Reorganization forward:	
New Common Stock, $0.01 par value	**
New 9% Convertible Preferred Stock $0.01 par value	**

</TABLE>

Effective July 11, 1997, all outstanding shares of common stock were cancelled as part of WRT Energy Corporation's Plan of Reorganization under Chapter 11 of the Federal Bankruptcy Code.

DOCUMENTS INCORPORATED BY REFERENCE
NONE

** THE REGISTRANT'S COMMON STOCK AND 9% CONVERTIBLE PREFERRED STOCK WERE QUOTED ON THE NASDAQ NATIONAL MARKET UNTIL FEBRUARY 29, 1996, AT WHICH TIME NASDAQ TERMINATED ITS QUOTATION OF BOTH CLASSES OF SECURITIES DUE TO THE FAILURE OF THE REGISTRANT TO MEET CERTAIN FINANCIAL AND OTHER CRITERIA FOR CONTINUED QUOTATION. THE COMPANY'S NEW COMMON STOCK IS EXPECTED TO BE LISTED ON THE NASDAQ NATIONAL MARKET AFTER THE COMPANY FILES CERTAIN DOCUMENTS WITH NASDAQ AND THE SECURITIES AND EXCHANGE COMMISSION.

WRT ENERGY CORPORATION

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FORM 10-Q QUARTERLY REPORT

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WRT ENERGY CORPORATION

PART I. Financial Information
Item 1. Consolidated Financial Statements
September 30, 1997 and 1996

Forming a part of Form 10-Q Quarterly Report to the Securities and Exchange Commission

This quarterly report on Form 10-Q should be read in conjunction with WRT Energy Corporation's Annual Report on Form 10-K for the year ended December 31, 1996

WRT ENERGY CORPORATION
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	(Reorganized Company)	(Predecessor Company)

ASSETS	September 30, 1997	December 31, 1996
	(Unaudited)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 6,730,000	$ 5,679,000
Accounts receivable, net of allowance for doubtful accounts of $4,696,000 for September 30, 1997 and $4,716,000 for December 31, 1996	3,611,000	3,667,000
Prepaid expenses and other	514,000	633,000
	10,855,000	9,979,000
Cash held in escrow	861,000	831,000
Property and equipment:		
Properties subject to depletion	77,793,000	77,541,000
Properties not subject to depletion	5,014,000	--
Other property, plant and equipment	3,062,000	5,118,000
	85,869,000	82,659,000
Accumulated depreciation, depletion and amortization	(2,530,000)	(25,760,000)
	83,339,000	56,899,000
Other assets	286,000	367,000
	$ 95,341,000	$ 68,076,000
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,852,000	$ 5,529,000
Due to affiliate	2,191,000	--
Pre-petition liabilities not subject to compromise	--	16,752,000
Pre-petition liabilities subject to compromise	--	136,346,000
	9,043,000	158,627,000
Long term liabilities:		
Other non-current liabilities	351,000	--
Notes payable	15,209,000	--
	15,560,000	--
Shareholders' equity (deficit):		
Preferred stock - $.01 par value, 1,000,000 authorized, none issued and outstanding at September 30, 1997; 2,000,000 authorized, 1,265,000 issued and outstanding at December 31, 1996	--	27,677,000
Common stock - $.01 par value, 50,000,000 authorized, 22,076,315 issued and outstanding at September 30, 1997; 50,000,000 authorized, 9,539,207 issued and outstanding at December 31, 1996	221,000	95,000
Paid-in capital	71,772,000	39,571,000
Accumulated deficit	(1,255,000)	(157,562,000)
Treasury stock (35,100 shares at December 31, 1996; none at September 30, 1997)	--	(332,000)
Total shareholders' equity (deficit)	70,738,000	(90,551,000)
Commitments and contingencies	$ 95,341,000	$ 68,076,000

</TABLE>

- See accompanying notes to consolidated financial statements -

WRT ENERGY CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	(Reorganized Company) Eighty-two Days Ended September 30, 1997	(Predecessor Company) Eleven Days Ended July 11, 1997	(Predecessor Company) Three Months Ended September 30, 1996
<S>	<C>	<C>	<C>
Revenues:			
Gas sales	$ 1,399,000	$ 211,000	$ 1,966,000
Oil and condensate sales	2,931,000	271,000	3,858,000
Other income	75,000	6,000	208,000
Total revenues	4,405,000	488,000	6,032,000
Expenses:			
Lease operating	1,762,000	232,000	1,529,000
Gross production taxes	400,000	43,000	488,000
Depreciation, depletion and amortization	2,530,000	190,000	2,014,000
General and administrative expenses	642,000	113,000	990,000
Provision for doubtful accounts	--	--	--

Minimum production guarantee obligation	--	--	--
	5,334,000	578,000	5,021,000
Income (loss) from operations	(929,000)	(90,000)	1,011,000
Interest expense	326,000	74,000	593,000
Income (loss) before reorganization costs, income taxes and extraordinary item	(1,255,000)	(164,000)	418,000
Reorganization costs	--	1,044,000	1,182,000
Loss before income taxes and extraordinary item	(1,255,000)	(1,208,000)	(764,000)
Income tax expense	--	--	--
Loss before extraordinary item	(1,255,000)	(1,208,000)	(764,000)
Extraordinary item - gain on debt discharge	--	(88,723,000)	--
Net income (loss)	(1,255,000)	87,515,000	(764,000)
Dividends on preferred stock (undeclared on Predecessor Company)	--	(87,000)	(712,000)
Net income (loss) available to common shareholders	$ (1,255,000)	$ 87,428,000	$(1,476,000)
Per common share:			
Income (loss) per common and common equivalent share	$ (0.06)	*	*
Average common and common equivalent shares outstanding	22,076,000	*	*

* Amounts not meaningful as a result of the reorganization

- See accompanying notes to consolidated financial statements -

WRT ENERGY CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	(Reorganized Company) Eighty-two Days Ended September 30, 1997	(Predecessor Company) Six Months and 11 Days Ended July 11, 1997	(Predecessor Company) Nine Months Ended September 30, 1996
Revenues:			
Gas sales	$ 1,399,000	$ 4,706,000	$ 7,665,000
Oil and condensate sales	2,931,000	5,432,000	10,571,000
Other income	75,000	126,000	262,000
Total revenues	4,405,000	10,264,000	18,498,000
Expenses:			
Lease operating	1,762,000	4,466,000	6,862,000
Gross production taxes	400,000	677,000	1,403,000
Depreciation, depletion and amortization	2,530,000	3,314,000	6,271,000
General and administrative expenses	642,000	2,474,000	3,157,000
Provision for doubtful accounts	--	71,000	4,278,000
Minimum production guarantee obligation	--	--	2,778,000
	5,334,000	11,002,000	24,749,000
Income (loss) from operations	(929,000)	(738,000)	(6,251,000)
Interest expense	326,000	1,106,000	4,930,000
Income (loss) before reorganization costs, income taxes and extraordinary item	(1,255,000)	(1,844,000)	(11,181,000)
Reorganization costs	--	4,771,000	6,040,000
Loss before income taxes and extraordinary item	(1,255,000)	(6,615,000)	(17,221,000)
Income tax expense	--	--	--
Net loss before extraordinary item	(1,255,000)	(6,615,000)	(17,221,000)
Extraordinary item - gain on debt discharge	--	(88,723,000)	--
Net income (loss)	(1,255,000)	82,108,000	(17,221,000)
Dividends on preferred stock (undeclared on Predecessor Company)	--	(1,510,000)	(2,135,000)
Net income (loss) available to common shareholders	$ (1,255,000)	$ 80,598,000	$(19,356,000)
Per common share:			
Income (loss) per common and common equivalent share	$ (0.06)	*	*
Average common and common equivalent shares outstanding	22,076,000	*	*

* Amounts not meaningful as a result of the reorganization

– See accompanying notes to consolidated financial statements –

WRT ENERGY CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	(Reorganized Company) Eighty-two Days Ended September 30, 1997	(Predecessor Company) Six Months and 11 Days Ended July 11, 1997	(Predecessor Company) Nine Months Ended September 30, 1996
<S>	<C>	<C>	<C>
Cash flow from operating activities:			
Net income (loss)	$(1,255,000)	$ 82,108,000	$(17,221,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary item - gain on debt discharge	--	(88,723,000)	--
Depreciation, depletion, and amortization	2,530,000	3,314,000	6,271,000
Provision for doubtful accounts and notes receivable	--	71,000	4,278,000
Amortization of debt issuance costs	--	(12,000)	681,000
Write-off of debt issuance costs and Senior Notes discount	--	--	5,605,000
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(324,000)	307,000	(3,676,000)
(Increase) decrease in prepaid expenses and other	244,000	(331,000)	(110,000)
Increase (decrease) in accounts payable, distribution payables and accrued liabilities	3,075,000	301,000	(17,392,000)
Pre-petition liabilities subject to compromise	--	(268,000)	24,476,000
Pre-petition liabilities not subject to compromise	--	--	1,505,000
Minimum production guarantee obligation	--	--	2,778,000
Discharge of pre-petition liabilities	--	(7,837,000)	--
Net cash provided (used) by operating activities	4,270,000	(11,070,000)	7,195,000
Cash flow from investing activities:			
(Additions to) distributions from cash held in escrow	5,000	(22,000)	(112,000)
Additions to property and equipment	(2,888,000)	(2,562,000)	(3,548,000)
Proceeds from sale of oil and gas properties	35,000	--	--
Net cash used in investing activities	(2,848,000)	(2,583,000)	(3,660,000)
Cash flow from financing activities:			
Proceeds from rights offering	--	13,300,000	--
Principal payments on borrowings	(4,000)	(15,014,000)	(448,000)
Proceeds on borrowings	--	15,000,000	--
Net cash (used in) provided by financing activities	(4,000)	13,286,000	(448,000)
Net increase (decrease) in cash and cash equivalents	1,419,000	(367,000)	3,087,000
Cash and cash equivalents - beginning of period	5,311,000	5,679,000	1,608,000
Cash and cash equivalents - end of period	$ 6,730,000	$ 5,311,000	$ 4,695,000
Supplemental Disclosures Of Cash Flow Information			
Interest paid	$ 66,000	$ 28,000	$ 28,000
Income taxes paid	--	--	--
Supplemental Information Of Non-Cash Investing And Financing Activities			
Accrued dividends on preferred stock (Undeclared on Predecessor Company)	--	(1,510,000)	(2,135,000)

</TABLE>

– See accompanying notes to consolidated financial statements –

WRT ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) DESCRIPTION OF BUSINESS

On February 14, 1996 ("Petition Date"), WRT Energy Corporation, a Texas corporation and the predecessor of the Company ("Debtor") filed a petition with the Bankruptcy Court for the Western District of Louisiana ("Bankruptcy Court") for protection under Chapter 11 of the Federal Bankruptcy Code. Such case is referred to herein as the "Reorganization Case". Upon filing of the voluntary petition for relief, the Debtor, as debtor-in-possession, was authorized to operate its business for the benefit of claim holders and interest holders, and continued to do so, without objection or request for appointment of a trustee. All debts of the Debtor as of the Petition Date were stayed by the bankruptcy petition and were subject to compromise pursuant to such proceedings. The Debtor operated its business and managed its assets in the ordinary course as debtor-in-possession, and obtained court approval for transactions outside the ordinary course of business. Based on these actions, all liabilities of the Debtor outstanding at February 14, 1996 were reclassified to estimated pre-petition liabilities.

By order dated May 2, 1997, the Bankruptcy Court confirmed the Joint

Plan of Reorganization (the "Plan") of WRT Energy Corporation and co-proponents DLB Oil and Gas, Inc. ("DLB") and Wexford Management LLC ("Wexford," and together with DLB "DLBW"). The Plan was consummated and became effective on July 11, 1997 (the "Effective Date"). On the Effective Date, the Debtor was merged with and into a newly formed Delaware corporation named "WRT Energy Corporation" ("New WRT"). On the Effective Date, New WRT allocated the actual reorganization value to the entity's assets as defined by Statement of Position Number 90-7 "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7"). As used herein, "Debtor" refers to the registrant prior to the Effective Date of the Plan, "New WRT" refers to the registrant following the Effective Date of the Plan, and the "Company" or "WRT" refers to the registrant prior to or after the Effective Date of the Plan, as the context requires.

Prior to bankruptcy, the Company was engaged in acquiring mature oil and gas properties in the Louisiana Gulf Coast area and increasing both the production and total oil and gas recovery through the use of advanced technologies, including sophisticated radioactive logging equipment owned by the Company and specialized fluid separation technologies. The Company also sought to acquire properties that were developed prior to the invention of cased-hole logging equipment in the 1970's and to reevaluate such properties with its own radioactive logging equipment. This new cased-hole data was then analyzed by experienced Company personnel to identify previously overlooked or deliberately untested formations that may have yielded new commercial oil and gas production. Previously produced formations were also studied to determine whether they could have been restored to commercial production through the use of modern completion, stimulation and production practices or the application of the Company's fluid separation technologies. Subsequent to bankruptcy, the Company seeks to exploit its existing properties and acquire additional Louisiana Gulf Coast properties with exploitation and exploration potential.

The consolidated financial statements include the accounts of WRT and its wholly owned subsidiary,

WRT Technologies, Inc. Until December 31, 1995, WRT owned 100% of the stock of two subsidiaries, Tesla Resources, Inc. ("Tesla") and Southern Petroleum, Inc. ("Southern Petroleum"). On that date, both Tesla and Southern Petroleum were merged into WRT with WRT emerging as the sole surviving corporation. In November 1995, WRT formed a wholly owned subsidiary, WRT Technologies, Inc., which was established to own and operate WRT's proprietary, radioactive, cased-hole logging technology. As part of the Plan, WRT Technologies, Inc. was dissolved with the assets contributed to the New WRT. See Note 2 for a description of the Plan. All significant intercompany transactions have been eliminated.

The accompanying consolidated financial statements and notes thereto have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. The accompanying consolidated financial statements and note thereto should be read in conjunction with the consolidated financial statements and notes included in WRT's 1996 annual report on Form 10-K.

Certain reclassifications have been made to the 1996 and 1997 pre-effective date financial statements to conform to the 1997 post-effective date presentation.

In the opinion of WRT's management, all adjustments (all of which are normal and recurring) have been made which are necessary to fairly state the consolidated financial position of WRT and its subsidiaries as of September 30, 1997, and the results of their operations, and their cash flows for the three and nine month periods ended September 30, 1997 and 1996.

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods, to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) CHAPTER 11 BANKRUPTCY FILING

On February 14, 1996 ("Petition Date"), WRT Energy Corporation, a Texas corporation and the predecessor of the Company ("Debtor") filed a petition with the Bankruptcy Court for the Western District of Louisiana ("Bankruptcy Court") for protection under Chapter 11 of the Federal Bankruptcy Code. Such case is referred to herein as the "Reorganization Case". Upon filing of the voluntary petition for relief, Debtor, as debtor-in-possession, was authorized to operate its business for the benefit of claim holders and interest holders, and continued to do so, without objection or request for appointment of a trustee. All debts of the Debtor as of the Petition Date were stayed by the bankruptcy petition and were subject to compromise pursuant to such proceedings. The Debtor operated its business and managed its assets in the ordinary course as debtor-in-possession, and obtained court approval for transactions outside the ordinary course of business. Based on these actions, all liabilities of the

Debtor outstanding at February 14, 1996 were reclassified to estimated pre-petition liabilities.

On October 22, 1996, the Company accepted and signed the proposal ("DLBW Proposal") submitted by DLB Oil & Gas, Inc. ("DLB") and Wexford Management LLC, on behalf of its affiliated investment funds ("Wexford"), providing the terms of a proposed capital investment in a plan of reorganization for the

Company. DLB and Wexford are collectively referred to herein as DLBW. The Company subsequently obtained Bankruptcy Court approval of the expense reimbursement provisions of the DLBW Proposal.

Subsequent to the Company's execution of the DLBW Proposal, DLB commenced negotiations with Texaco Exploration and Production, Inc. ("TEPI") regarding, (i) the claim asserted by TEPI against the Company and its affiliates ("Texaco Claim"), (ii) the purchase of certain interests owned by TEPI in the West Cote Blanche Bay Field (" WCBB Assets") and (iii) the Contract Area Operating Agreement related to the WCBB Assets and various other agreements relating thereto. As a result of the negotiations, TEPI and DLB reached an agreement pursuant to which DLB (i) agreed to purchase the Texaco Claim, (ii) as required by TEPI, agreed to purchase the WCBB Assets from TEPI, and (iii) agreed to guarantee ("P&A Guarantee") the performance of all plugging and abandonment obligations related to both the WCBB Assets and the Company's interests in West Cote Blanche Bay Field ("WCBB") and, in order to implement the P&A Guarantee, paid into a trust ("P&A Trust") established for the benefit of the State of Louisiana, $1,000,000 on the July 11, 1997 Effective Date of the Plan.

By order dated May 2, 1997, the Bankruptcy Court approved WRT's and DLBW's Joint Plan of Reorganization (the "Plan"). The Plan involved (i) the issuance to WRT's unsecured creditors, on account of their allowed claims, an aggregate of 10 million shares of New WRT Common Stock, (ii) the issuance to WRT's unsecured creditors, on account of their allowed claims, of the right to purchase an additional three million eight hundred thousand shares (3,800,000) of New WRT Common Stock at a purchase price of $3.50 per share ("Rights Offering"), (iii) the issuance to DLBW and affiliates of the number of shares of New WRT Common Stock obtained by dividing DLBW's Allowed Secured Claim ("Secured Claim") amount by a purchase price of $3.50 per share, (iv) the purchase by DLBW of all shares of New WRT Common Stock not otherwise purchased pursuant to the Rights Offering, (v) the transfer by DLB of the WCBB Assets to the Company along with the associated P&A trust fund and associated funding obligation in exchange for five million shares (5,000,000) of New WRT Common Stock, and (vi) the funding by WRT of $3,000,000 to an entity (the "Litigation Entity") to which WRT will transfer any and all causes of action, claims, rights of actions, suits or proceedings which have been or could be asserted by WRT except for (a) the action to recover unpaid production proceeds payable to WRT by Tri-Deck Oil & Gas Company and (b) the foreclosure action to recover title to certain assets. Pursuant to the Plan, New WRT owns a 12% economic interest in the Litigation Entity and the remainder of the economic interests in the Litigation Entity will be allocated to unsecured creditors based on their ownership percentage of the thirteen million eight hundred thousand (13,800,000) shares issued as described in (i) and (ii) above. The Plan became effective on July 11, 1997 (the "Effective Date").

Upon the July 11, 1997 Effective Date of the Plan, New WRT became the owner of one hundred percent (100%) of the working interest in the shallow contract area at WCBB. The proceeds from the Rights Offering were utilized to provide the cash necessary to satisfy Administrative and Priority Claims ("APC"), fund the Litigation Entity with $3,000,000 and provide New WRT with working capital. New WRT will continue to conduct business and own and operate the oil and gas properties. The Litigation Entity will pursue Causes of Action ("Causes of Action") assigned to it under the Plan.

In accounting for the effects of emergence from Chapter 11, the Company implemented Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code", issued by the American Institute of Certified Public Accountants. Accordingly, the Company adopted

"fresh start" reporting in which the Company's assets and liabilities were adjusted to reflect their estimated fair values and the accumulated deficit of Old WRT was eliminated.

The July 11, 1997 effective date was used as the date for recording the fresh start reporting adjustments. Adjustments to reflect the fair value of individual assets and liabilities were based on independent reviews and valuations and discounted present value of estimated future net cash flows.

Outside financial advisors assisted the Company and the Bankruptcy Court in determining the reorganization value and the resulting beginning equity value in compliance with SOP 90-7.

The adjustments to reflect the consummation of the Joint Plan, including the $88,723,000 million gain on debt discharge of prepetition and other liabilities and the adjustment for $11,260,000 million to record assets at their estimated fair values, are reflected in the Company's Consolidated Financial Statements as of and for the eighty-two day period ended September 30, 1997. The Company's emergence from Chapter 11 proceedings resulted in a new reporting entity. Accordingly, the Company's Consolidated Financial Statements for periods prior to July 11, 1997, are not comparable to the Consolidated Financial Statements presented subsequent to July 11, 1997. Black lines on the accompanying financial statements distinguish between pre-reorganization and post-reorganization activity.

The effect of the Plan on the Company's Consolidated Balance Sheet as of July 11, 1997, is as follows (in thousands):

WRT ENERGY CORPORATION
PRO FORMA BALANCE SHEET
(UNAUDITED)

<TABLE>
<CAPTION>

ASSETS	Predecessor Historical	Reorganized Adjustments		Reorganized Amounts
<S>	<C>	<C>		<C>
Current assets:				
Cash and cash equivalents	$ 3,714,000	$ (18,154,000)	(c)	$ 5,311,000
	--	14,906,000	(d)	--
	--	13,300,000	(e)	--
	--	(3,000,000)	(f)	--
	--	(2,963,000)	(h)	--
	--	(2,492,000)	(i)	--
Accounts receivable	3,287,000	--		3,287,000
Prepaid expenses and other	870,000	--		870,000
	7,871,000	1,597,000		9,468,000
Cash held in escrow	852,000	--		852,000
Property and equipment, net	56,147,000	11,726,000	(a)	83,017,000
		15,144,000	(b)	--
Debt issuance costs, net	379,000	(285,000)	(c)	188,000
		94,000	(d)	--
	$ 65,249,000	$ 28,276,000		$ 93,525,000
LIABILITIES AND SHAREHOLDERS' EARNINGS (DEFICIT)				
Current liabilities:				
Accounts payable and accrued liabilities	$ 9,601,000	$ (2,059,000)	(c)	$ 5,830,000
		(1,712,000)	(i)	--
Pre-petition liabilities not subject to compromise	16,734,000	(15,330,000)	(c)	702,000
		(272,000)	(h)	
		(430,000)	(i)	--
Pre-petition liabilities subject to compromise	136,078,000	(765,000)	(c)	--
		(123,106,000)	(g)	
		(11,857,000)	(h)	--
		(350,000)	(i)	--
	162,413,000	(155,881,000)		6,532,000
Long term debt	--	15,000,000	(d)	15,000,000
Shareholders' earnings (deficit):				
Preferred stock	27,677,000	(27,677,000)	(j)	--
Common stock	95,000	56,000	(b)	221,000
		38,000	(e)	--
		100,000	(g)	--
		27,000	(h)	--
		(95,000)	(j)	
Paid-in capital	39,570,000	15,088,000	(b)	71,772,000
		13,262,000	(e)	--
		34,283,000	(g)	--
		9,139,000	(h)	
		(39,570,000)	(j)	--
Accumulated deficit	(164,174,000)	11,726,000	(a)	--
		(285,000)	(c)	--
		(3,000,000)	(f)	
		88,723,000	(g)	--
		67,010,000	(j)	--
Treasury stock	(332,000)	332,000	(j)	--
Total shareholders' earnings (deficit)	(97,164,000)	169,157,000		71,993,000
Commitments and contingencies				
	$ 65,249,000	$ 13,276,000		$ 78,525,000

</TABLE>

Adjustments used in the preparation of the reorganized balance sheet are as follows:

(a) To adjust oil and gas properties and other property and equipment to fair market value in accordance with SOP 90-7.

(b) The Company issued 5,600,000 shares of New WRT stock in exchange for oil and gas properties valued at $15,144,000.

(c) The INCC note of $15,000,000 was paid in full, including unpaid interest accrued through July 11, 1997 of $3,154,000. Additionally, $285,000 of debt issuance costs related to the INCC note were written-off.

(d) Financing was recorded from ING in the amount of $15,000,000 less $94,000 in loan fees which were deducted from the loan proceeds.

(e) The Stock Rights Offering in the amount of $13,300,000 was recorded reflecting the issuance of 3,800,000 additional shares of New WRT stock at $3.50 per share.

(f) Establishment of the Litigation Trust in the amount of $3,000,000.

(g) Unsecured claims in the amount of $123,106,000 were exchanged for 10,000,000 shares of New WRT stock and $2,963,000 in cash.

(h) Priority and secured claims in the amount of $12,129,000 were exchanged for 2,700,000 shares of New WRT stock.

(i) Payment of Administrative claims in the amount of $2,492,000.

(j) All of the currently outstanding preferred stock, common stock, paid-in-capital and treasury stock were canceled, resulting in a decrease in equity of $67,010,000.

Subsequent to the July 11, 1997 effective date, WRT adopted the same accounting principles utilized by DLB, including the use of the full cost pool method of accounting for oil and gas costs. Under the full cost method of accounting, all costs of acquisition, exploration and development of oil and gas reserves are capitalized into a "full cost pool" as incurred, and properties in the pool are depleted and charged to operations using the units-of-production method based on the ratio of current production to total proved oil and gas reserves. To the extent that such capitalized costs, net of depreciation, depletion and amortization, exceed the present value of estimated future net revenues, discounted at 10%, from proved oil and gas reserves, after income tax effects, such excess costs are charged to operations. Once incurred, a write down of oil and gas properties is not reversible at a later date even if oil or gas prices subsequently increase.

(3) SENIOR NOTE OFFERING AND CREDIT FACILITY

In December 1994, the Company entered into a $40,000,000 credit facility (the "'Credit Facility") with International Nederlanden (U. S.) Capital Corporation ("INCC") that was secured by substantially all of the Company's assets. The Company borrowed $15,000,000 thereunder to purchase the Initial LLOG Property ("LLOG"). In March 1995, $12,000,000 of the outstanding borrowings under the Credit Facility was repaid from the proceeds of the Offering. During 1995, the Company borrowed an additional $12,000,000 under the Credit Facility, bringing the outstanding borrowings to $15,000,000 the maximum amount of borrowings available under the Credit Facility. On December 31, 1995, the Credit Facility converted to a term loan whereby quarterly principal payments of one-sixteenth of the outstanding indebtedness became due and payable.

In February 1995, the Company offered 100,000 Units consisting of $100,000,000 aggregate principal amount of 13 7/8% Senior Notes Due 2002 (the "Senior Notes") and warrants to purchase an aggregate of 800,000 shares of the Company's Common Stock (the "Offering"'). The net proceeds from the Offering were used to acquire a second group of oil and gas properties owned by LLOG (the "Remaining LLOG Group"), to repay both the $7,500,000 bridge loan and substantially all borrowings under the Credit Facility (defined herein), to acquire an additional working interest in the West Cote Blanche Bay Field and for general corporate purposes.

At July 10, 1997 and December 31, 1996, the Company was in default under certain financial covenants of the Credit Facility. In addition, due to the bankruptcy filing, the Company was in default under the Indenture ("Indenture") pursuant to which the Senior Notes were issued. Accordingly, all such debt has been classified as current in the Company's December 31, 1996 financial statements. While in bankruptcy, INCC and holders of the Senior Notes were stayed from enforcing certain remedies provided for in the Credit Facility and the Indenture, respectively. The Company did not make the March 1, 1996 or subsequent interest payments on the Senior Notes and pursuant to an order of the Bankruptcy Court did not make the scheduled interest payment of $381,000 to INCC on February 28, 1996 or any other subsequent interest payments. On the Effective Date, the Company entered into a new loan agreement with ING (U.S.) Capital Corporation (successor to INCC)("ING"), the terms of which required the

payoff of the $15,000,000 in principal and interest outstanding on the old credit agreement with proceeds of the new loan. Also pursuant to the Plan, the Senior Notes were cancelled.

On July 10, 1997, WRT entered into a New Credit Facility ("New Credit Facility") with ING (U.S.) Capital Corporation. The maturity date of the New Credit Facility is July 10, 1999. Under the terms of the New Credit Facility, the Company may elect to be charged at the bank's fluctuating reference rate plus 1.25% or the rate plus 3.0% at which Eurodollar deposits for one, two, three or six months are offered to the bank in the Interbank Eurodollar. The New Credit Facility contains restrictive covenants requiring, among other things, specific financial ratios and restrictions on general and administrative expenses.

(4) LOSS PER SHARE

Loss per share computations are calculated on the weighted average of common shares and common share equivalents. Common stock options and warrants are considered to be common share equivalents and are used to calculate loss per common and common equivalent share except when they are anti-dilutive. Loss per common and common equivalent share for the period ended September 30, 1997 does not reflect the exercise of the options and warrants as the effect is anti-dilutive.

(5) REORGANIZATION COSTS

During the eleven days ended July 11, 1997 of the Predecessor Company and the three months ended September 30, 1996, the Company incurred $1,044,000 and $1,182,000 in reorganization costs. During the six months and eleven days ended July 11, 1997 of the Predecessor Company and the nine months ended September 30, 1996 of the Reorganized Company, the Company incurred $4,771,000 and $6,040,000 in reorganization costs. Reorganization costs primarily consist of legal and professional fee.

(6) JOINT VENTURE AGREEMENT

By a Joint Venture Agreement dated October 18, 1991 (the "Joint Venture Agreement"), the Company entered into a joint venture to develop certain oil and gas properties with Tricore Energy Venture, L.P., a Texas limited partnership ("Tricore"), and Stag Energy Corporation ("Stag").

Under the terms of the Tricore agreements, Tricore is to contribute the capitalization required to complete the development of selected prospects, and Stag and the Company are to contribute, or arrange for the contribution of, the prospects to be developed.

The allocation of the net income, profits, credits, gains and losses of the joint venture are distributed as follows:

<TABLE>
<CAPTION>

Party	Initial Allocation	Ongoing Allocation
<S>	<C>	<C>
Tricore	70%	55%
WRT	25%	35%
Stag	5%	10%

</TABLE>

The distributions convert from the initial to the ongoing allocation upon Tricore receiving aggregate distributions equal to 125% of its initial contributions to the joint venture.

In March 1995, the Company contributed the K.G. Wilbert No. 1 well, located in Iberville Parish, Louisiana, the Atkinson No. 2 well, located in Hayes Field in Jefferson Davis Parish, Louisiana, and State Lease 8396 #1 and #2 wells, located in South Atchafalaya Bay Field in St. Mary Parish, Louisiana, to the joint venture and received $867,850 as compensation for the recompletion and field services rendered. The cash received was a recovery of costs incurred, and no field service revenues were recognized.

In July 1994, the Company contributed a portion of its interest in the Exxon Fee #23 well, located in Lac Blanc Field in Vermilion Parish, to the joint venture and received $1,200,000 as compensation for the recompletion of the well. The cash received was a recovery of costs incurred and no field service revenues were recognized.

In March 1993, the Company contributed the Delcambre No. 1 well, located in Tigre Lagoon Field in Vermilion Parish, Louisiana and the Summers No. 1 well located in North Rowan Field in Brazoria County, Texas, to the joint venture and received $2,000,000 as compensation for recompletion and wireline services rendered. The cash received was a recovery of costs incurred, and not field service revenues related to the recompletion and wireline services rendered were recognized.

In March 1992, Tricore paid the Company $1,300,000 for the turnkey development of the Delcambre A-2 well located in Tigre Lagoon Field in Vermilion Parish, Louisiana. The Company used the funds to recover the costs

of drilling the well and as compensation for wireline services rendered. The Company recognized field service revenues to the extent that cash received exceeded its costs in the property, however, no field service revenue was recorded related to the initial 25% joint venture interest received.

The Company has provided Tricore with a limited production guarantee based on the minimum production schedule attached to the Tricore joint venture agreement. The minimum production schedule assumes that Tricore's cumulative share of the future gross production from jointly-owned properties will average 4,250 Mcf per day during the period between October 1, 1996 and September 30, 1997, 2,350 Mcf per day during the period October 1, 1997 and September 30, 1998, and 699 Mcf per day during the period October 1, 1998 and September 30, 1999. The minimum production also assumes that all future gas production allocated to Tricore will be sold at a price of $1.50 per Mcf. As long as either the actual volume of natural gas delivered or the gross revenue allocated to Tricore exceeds the cumulative values

reflected in the minimum production schedule, the Company will have no current liability to Tricore under the production guarantee. Pursuant to the Joint Venture Agreement, if the production during any annual period, commencing October 1 through September 30, is less than the minimum production levels required by the Joint Venture Agreement, the Company is required to eliminate the annual production deficit by delivering sufficient quantities of gas from other properties in twelve equal monthly installments, commencing the following December 1, or by the issuance to the venture of registered debt or equity securities which have a fair market value equal to the required payment. As collateral for the Company's obligations under the production guarantee, Tricore holds a partial assignment of an interest in the West Cote Blanche Bay Field. This 4.68% working interest (3.72% net revenue interest) assignment was made subject to the terms and provisions of the Joint Venture Agreement. Upon satisfaction of the production guarantee, Tricore is required to execute and deliver a release of the partial assignment.

As a result of significant production declines from jointly owned properties, notably the Exxon Fee #23 well, production did not exceed the minimum required under the guarantee for the period commencing October 1, 1995 to September 30, 1996. In addition, due to the substantial reserve losses incurred during 1996 and 1995, the estimated future gross revenues from the joint venture wells are not adequate over the remaining term of the guarantee. As a result, the Company recorded in 1996 and 1995, minimum production guarantee charges of $5,555,000 and $3,591,000, respectively. The $9,146,000 liability recognized at December 31, 1996 represents the Company's estimated ultimate obligation to the joint venture, including the disallowance of certain tax credits as discussed below.

Pursuant to the terms of the production guarantee, if any of the gas production from joint venture properties qualifies for the nonconventional fuels tax credit provided for by Internal Revenue Code Section 29, then 150% of that tax credit shall be included in the calculation of gross revenues for purposes of the guarantee. Based upon a certification by the Louisiana Department of Natural Resources ("DNR"), a significant amount of the production attributable to the joint venture qualified under Section 107(c)(2) of the Natural Gas Policy Act of 1978 (the "NGPA") as gas produced from geopressured brine. As required under the NGPA, the DNR's determination was forwarded to the Federal Energy Regulatory Commission ("FERC") for review. In April 1995, the FERC reversed the position of the DNR, rejecting the qualification of the wells under Section 107(c)(2) of the NGPA. The Company appealed the FERC determination to the United States Court of Appeals for the Fifth Circuit, located in New Orleans, Louisiana. In February 1997, the United States Court of Appeals for the Fifth Circuit affirmed the FERC's determination.

On January 14, 1997, the Company initiated an adversary proceeding to obtain a declaration of the invalidity of the security interests or liens securing Tricore's asserted secured claim of "up to $9,224,000" or alternatively for avoidance of such security interests or liens pursuant to Sections 544 and 547 of the Bankruptcy Code. Such suit is pending as of the date of this report. On March 7, 1997, the Company also filed an objection to the asserted claim of Tricore (i) under Section 502(d) of the Bankruptcy Code seeking to disallow such asserted claim in full on the grounds that Tricore is the transferee of a transfer available under Sections 544 and 547 of the Bankruptcy Code, and (ii) under Section 502(c) of the Bankruptcy Code seeking to estimate such asserted claim on the grounds that it is a contingent claim the liquidation of which would unduly delay the administration of the Reorganization Case. On June 19, 1997, Tricore filed an amendment to reduce their proof of claim to $9,064,000 from $9,224,000.

Nevertheless, to the extent that Tricore is determined to be a secured claim,

the Plan provides for the claim to be paid in full. The Company is currently negotiating a settlement with Tricore pursuant to their claim. See Part II, Item 1 for further discussion.

(7) CONTINGENCIES

During 1996, WRT received notice from a third party claiming that WRT's title has failed as to approximately 43 acres in the Bayou Pigeon Field. Some or all of the acreage in dispute is considered to be productive in three separate production units. Assuming that WRT's title is flawed, WRT's working interest in three units would be reduced from 100% of each unit to approximately 7% (5% NRI), 75% (63% NRI), and 95% (72% NRI), respectively. The financial statements as of September 30, 1997 and for the year ended December 31, 1996 and for the nine months ended September 30, 1997 and 1996, reflect operating results and proved reserves discounted for this possible title failure. As the title failure predates its ownership of the field, WRT is currently evaluating its recourse against the predecessors-in-title relative to this issue.

During 1995, the Company entered into a marketing agreement with Tri-Deck Oil and Gas Company ("Tri-Deck") pursuant to which Tri-Deck would market all of WRT's oil and gas production. Subsequent to the agreement, Tri-Deck's principal and WRT's Director of Marketing, James Florence,

assigned to Plains Marketing Tri-Deck's right to market WRT's oil production and assigned to Perry Oil & Gas ("Perry Gas:) Tri-Deck's right to market WRT's gas production. During early 1996, Tri-Deck failed to make payments to WRT attributable to several months of WRT's gas production. Consequently, on May 20, 1996 the Company filed a Motion to Reject the Tri-Deck Marketing Agreement and on May 29, 1996 the Company initiated an adversary proceeding against Tri-Deck and Perry Gas. Perry Gas was the party which ultimately purchased the Company's gas production for the months in question.

With respect to the Motion to Reject, the Bankruptcy Court authorized the rejection and directed Tri-Deck and WRT to determine the amount of production proceeds attributable to WRT's June 1996 gas production which are payable to WRT. Thereafter, Perry Gas made payment to WRT of the June gas proceeds less $75,000 for a set-off claim by Perry Gas, which is subject to further consideration by the Bankruptcy Court.

Perry Gas subsequently filed an administrative claim in the Chapter 11 case, seeking recovery for damages allegedly arising out of WRT's conduct in connection with its rejection of the Tri-Deck contract and related negotiations with Perry Gas. By decision dated July 3, 1997, the Bankruptcy Court allowed, in part, Perry Gas, administrative claim, in the aggregate amount of approximately $64,000, and directed Perry Gas to obtain payment of such amount from the Perry Setoff Escrow, which as result of this payment currently has a balance of approximately $10,000.

With respect to the adversary proceeding, WRT sought recovery from Tri-Deck and/or Perry Gas of all unpaid production proceeds payable to WRT under the marketing agreement and the issuance of a temporary restraining order and preliminary injunction against both parties to prevent further disposition of such proceeds pending the outcome of the proceedings. On May 31, 1996, the Bankruptcy Court entered a consensual temporary restraining order against both Tri-Deck and Perry Gas. On June 18, 1996, a preliminary injunction was entered by the Bankruptcy Court which required Perry Gas to segregate into a separate depository account the funds due for the purchase of WRT's April and May 1996 gas production from Tri-Deck. Subsequently, upon motion by WRT the Bankruptcy Court ordered such funds to be placed into the Bankruptcy Court's registry, as Perry Gas had made certain withdrawals from the separate depository account without authorization by the Bankruptcy Court. As of October 1, 1997, funds in the amount of approximately $1,700,000 remain in the registry of the Bankruptcy Court. On April 1, 1997, WRT moved for partial summary judgement with respect to Perry Gas seeking release of the escrow funds, as well as additional funds from Perry Gas attributable to previous miscalculations of the amounts owed by Perry Gas. At a hearing held on May 27, 1997, the Bankruptcy Court denied WRT's motion to the extent that it sought additional payments by Perry Gas to WRT and reserved decision with respect to the disbursement to WRT of the funds currently in the Court's registry. On July 9, 1997, Perry Gas filed its own summary judgement motion with respect to its assertion that it is entitled to certain adjustments for prior overpayments in the amount of approximately $120,000. At oral argument on August 26, 1997, Perry requested permission to amend its motion and subsequently filed an amended affidavit reducing the amount claimed to approximately $51,000.

(8) EXAMINER'S REPORT

On August 13, 1996, the Bankruptcy Court executed and entered its Order Appointing Examiner directing the United States Trustee to appoint a disinterested person as examiner in the Company's bankruptcy case. The Court ordered the appointed examiner ("Examiner") to file a report "of the investigation conducted, including any fact ascertained by the examiner pertaining to fraud, dishonesty, incompetence, misconduct, mismanagement or irregularity in the management of the affairs of the Company".

Additionally, the Examiner investigated insider transactions involving

current and former officers of the Company, the Company's purchase of oil and gas properties in the Napoleonville Field, the purchase of leases in the South Hackberry and East Hackberry Fields, transactions related to the purchase and sale of certain workover rigs and marine equipment and related contracts, the marketing of the Company's oil and gas production, claims acquisition by an investment company and transactions with a certain joint venture partner. The Examiner's final report dated April 2, 1997 recommends numerous actions for recovery of property or damages for the Company's estate which appear to exist and should be pursued. Management does not believe the resolution of the matters referred to in the Examiner's report will have a material impact on the Company's consolidated financial statements or results of operations.

Pursuant to the Plan, all of the Company's possible causes of action against third parties (with the exception of certain litigation related to recovery of marine and rig equipment assets and Tri-Deck), existing as of the Effective Date of the Plan, transferred into a "Litigation Trust" controlled by an independent party for the benefit of most of the Company's existing unsecured creditors. The Company retains a 12% interest in the trust, net of Trustee fees and expenses. Currently, management is aggressively pursuing those claims and causes of action against Tri-Deck and Perry Gas relating to the recovery of revenues for the sale of oil and gas production. See Note 7 above for additional information concerning these claims. In addition, the Company has instituted legal action to recover the aforementioned marine and rig equipment assets. The Company has not recognized the potential value of recoveries which may ultimately be obtained, if any, as a result of such causes of action, or possible future actions, in the accompanying consolidated financial statements.

DISCLOSURE REGARDING FORWARD - LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical facts, included in the Form 10-Q that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves and the present value thereof, future capital expenditure (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Company's business and operations, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as to other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the Company's expectations and predictions is subject to a number of risks or uncertainties; general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to an pursued by the Company; competitive actions by other oil and gas companies; changes in laws or regulations; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in the Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized, or even if realized, that they will have the expected consequences to or effects on the Company or its business or operations.

The following discussion is intended to assist in an understanding of the Company's financial position as of September 30, 1997, and its results of operations for the three month and the nine month periods ended September 30, 1997 and 1996. The Consolidated Financial Statements and Notes included in this report contain additional information and should be referred to in conjunction with this discussion. It is presumed that the readers have read or have access to WRT's 1996 annual report on Form 10-K.

<TABLE>
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FINANCIAL DATA (IN THOUSANDS)
(UNAUDITED)

	(Reorganized Company) Eighty-two Days Ended September 30, 1997	(Predecessor Company) Eleven Days Ended July 11, 1997	Three Months Ended September 30, 1996
<S>	*<C>*	*<C>*	*<C>*
Revenues:			
Oil and condensate sales	*$ 2,931*	*$ 271*	*$ 3,858*

Gas sales	1,399	211	1,966
Other income	75	6	208
Total revenues	4,405	488	6,032
Expenses:			
Lease operating	1,762	232	1,529
Gross production taxes	400	43	488
General and administrative expenses	642	113	990
	2,804	388	3,007
EBITDA	1,601	100	3,025
Depreciation, depletion and amortization	2,530	190	2,014
Income (loss) before interest and taxes	(929)	(90)	1,011
Interest expense	326	74	593
Reorganization costs	--	1,044	1,182
Loss before income taxes and extraordinary item	(1,255)	(1,208)	(764)
Income taxes deferred	--	--	--
Net loss before extraordinary item	(1,255)	(1,208)	(764)
Extraordinary item - gain on debt discharge	--	88,723	--
Net income (loss)	(1,255)	87,515	(764)
Dividends on preferred stock (undeclared on Predecessor Company)	--	87	712
Net income (loss) available to common shareholders	(1,255)	87,428	(1,476)
PER SHARE DATA			
Net loss	$ (0.06)	(3)	(3)
Weighted average common and common equivalent shares (000's)	22,076	(3)	(3)

(1) The components of production costs may vary substantially among wells depending on the methods of recovery employed and other factors, but generally include administrative overhead, maintenance and repairs and labor and utilities.

(2) EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is an analytical measure frequently used by securities analysts and is presented to provide additional information about the Company's ability to meet its future debt service, capital expenditure and working capital requirements. EBITDA should not be considered as a better measure of the Company's operating performance than net income or as a better measure of liquidity than cash flow from operations.

(3) Amounts are not meaningful as a result of the reorganization.

FINANCIAL DATA (IN THOUSANDS)
(UNAUDITED)

	(Reorganized Company) Eighty-two Days Ended September 30, 1997	(Predecessor Company) Six Months and 11 Days Ended July 11, 1997	Nine Months Ended September 30, 1996
Revenues:			
Oil and condensate sales	$ 2,931	$ 5,432	$ 10,571
Gas sales	1,399	4,706	7,665
Other income	75	126	262
Total revenues	4,405	10,264	18,498
Expenses:			
Lease operating	1,762	4,466	6,862
Gross production taxes	400	677	1,403
General and administrative expenses	642	2,474	3,157
Provision for doubtful accounts	--	71	4,278
Minimum production guarantee obligation	--	--	2,778
	2,804	7,688	18,478
EBITDA	1,601	2,576	20
Depreciation, depletion and amortization	2,530	3,314	6,271
Income (loss) before interest and taxes	(929)	(738)	(6,251)
Interest expense	326	1,106	4,930
Reorganization costs	--	4,771	6,040
Loss before income taxes and extraordinary item	(1,255)	(6,615)	(17,221)
Income taxes	--	--	--

Net loss before extraordinary item	(1,255)	(6,615)	(17,221)
Extraordinary item - gain on debt discharge	--	88,723	--
Net income (loss)	(1,255)	82,108	(17,221)
Dividends on preferred stock (undeclared on Predecessor Company)	--	1,510	2,135
Net income (loss) available to common shareholders	(1,255)	80,598	(19,356)
PER SHARE DATA			
Net loss	$ (0.06)	(3)	(3)
Weighted average common and common equivalent shares (000's)	22,076	(3)	(3)

</TABLE>

(1) The components of production costs may vary substantially among wells depending on the methods of recovery employed and other factors, but generally include administrative overhead, maintenance and repairs and labor and utilities.

(2) EBITDA is defined as earnings before interest, taxes, depreciation, depletion and amortization. EBITDA is an analytical measure frequently used by securities analysts and is presented to provide additional information about the Company's ability to meet its future debt service, capital expenditure and working capital requirements. EBITDA should not be considered as a better measure of the Company's operating performance than net income or as a better measure of liquidity than cash flow from operations.

(3) Amounts are not meaningful as a result of the reorganization.

COMPARISON OF THE EIGHTY-TWO DAYS ENDED SEPTEMBER 30, 1997 OF THE REORGANIZED COMPANY AND THE ELEVEN DAYS ENDED JULY 11, 1997 OF THE PREDECESSOR COMPANY TO THE THREE MONTHS ENDED SEPTEMBER 30, 1996

The following is a table which combines the operating results of the eleven days ended July 11, 1997 of the Predecessor Company, herein after referred to as "Old WRT", and the eighty-two days ended September 30, 1997 of the Reorganized Company, herein after referred to as "New WRT". These combined results are compared to the three months ended September 30, 1996 of Old WRT.

<TABLE>
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	New WRT	Old WRT	Combined Results	Old WRT
	Eighty-two days Ended September 30, 1997	Eleven days Ended July 11, 1997	Three Months Ended September 30, 1997	Three Months Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Gas sales	$ 1,399,000	$ 211,000	$ 1,610,000	$ 1,966,000
Oil and condensate sales	2,931,000	271,000	3,202,000	3,858,000
Other income	75,000	6,000	81,000	208,000
Total revenues	4,405,000	488,000	4,893,000	6,032,000
Expenses:				
Lease operating	1,762,000	232,000	1,994,000	1,529,000
Gross production taxes	400,000	43,000	443,000	488,000
Depreciation, depletion and amortization	2,530,000	190,000	2,720,000	2,014,000
General and administrative	642,000	113,000	755,000	990,000
	5,334,000	578,000	5,912,000	5,021,000
Income (loss) from operations	(929,000)	(90,000)	(1,019,000)	1,011,000
Interest expense	326,000	74,000	400,000	593,000
Income loss before reorganization costs, income taxes and extraordinary item	(1,255,000)	(164,000)	(1,419,000)	418,000
Reorganization costs	--	1,044,000	1,044,000	1,182,000
Loss before income tax and Extraordinary item	(1,255,000)	(1,208,000)	(2,463,000)	(764,000)
Income tax expense	--	--	--	--
Loss before extraordinary item	(1,255,000)	(1,208,000)	(2,463,000)	(764,000)
Extraordinary item-gain on debt discharge	-	(88,723,000)	(88,723,000)	--
Net income (loss)	(1,255,000)	87,515,000	86,260,000	(764,000)
Dividends on preferred stock (undeclared on Old WRT)	-	(87,000)	(87,000)	(712,000)
Net income (loss) available to common shareholders	$ (1,255,000)	$ 87,428,000	$ 86,173,000	$ (1,476,000)

Per common share:				
Income (loss) per common and common equivalent share	$ (0.06)	*	*	*
Average common share and common equivalent shares outstanding	22,076,000	*	*	*

</TABLE>

* Per share amounts are not meaningful due to reorganization.

During the three months ended September 30, 1997, Old and New WRT's combined results report a net loss before extraordinary item, before undeclared dividends on preferred stock on Old WRT, of $2.5 million. This is a 222% increase from a net loss before undeclared dividends on preferred stock of $.8 million for the corresponding period in 1996. The increase in loss before extraordinary item is due to the following factors:

OIL AND GAS REVENUES. During the three months ended September 30, 1997, the Company's combined results report oil and gas revenue of $4.8 million, a 17% decrease over $5.8 million for the comparable period in 1996. The decreased oil and gas sales revenue during the combined period in 1997 is attributable primarily to a combination of ordinary production declines, unexpected decreases in production from several wells, and delays in expanding the Company's field infrastructure to support its increased level of operations related to the West Cote Blanche Bay properties. The following table summarizes the combined results of the Company's oil and gas production and related pricing for the three months ended September 30, 1997 and 1996:

<TABLE>
<CAPTION>

	Three months ended September 30, 1997	1996
<S>	<C>	<C>
Oil production volumes (Mbbls)	168	179
Gas production volumes (Mmcf)	676	921
Average oil price (per Bbl)	$19.06	$21.55
Average gas price (per Mcf)	$2.38	$2.13

</TABLE>

PRODUCTION COSTS. Production costs (lease operating expenses and gross production taxes) increased $0.4 million, or 21%, from $2.0 million for the three months ended September 30, 1996 to $2.4 million for the comparable period in 1997. This increase is due primarily to the Company's acquiring an additional 50% working interest in WCBB in depths above the Rob "C" marker located at approximately 10,500 feet, of which the Company is the operator.

DEPRECIATION, DEPLETION AND AMORTIZATION. Depreciation, depletion and amortization increased $.7 million, or 35%, from $2.0 million for the three months ended September 30, 1996 to $2.7 million for the comparable period in 1997. As a result of the fresh start accounting prescribed for companies exiting bankruptcy, a new cost basis in assets is recognized based upon fair value of the assets. Additionally, the Company, effective July 11, 1997, adopted the full cost method of reporting property, plant and equipment (see Notes to Consolidated Financial Statements for further discussion). These two factors do not allow for a meaningful comparison to be made between the 1997 and 1996 periods. The increase in the cost of the oil and gas properties is offset somewhat by a 3 Bcfe, or 16% decrease in oil and gas production.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses decreased $0.2 million , or 24% from $1.0 million for the three months ended September 30, 1996 to $0.8 million for the three months ended September 30, 1997 as a result of the Company's change in strategy resulting in a reduction in personnel and general and administrative costs.

INTEREST EXPENSE. The decrease in interest expense of $.2 million, from $.6 million for the three months ended September 30, 1996 to $.4 million for the comparable period in 1997, is primarily due to the Company having remained current on miscellaneous notes payable during 1997.

REORGANIZATION COSTS. Reorganization costs decreased 12% from $1.2 million for the three months ended September 30, 1996 to $1.0 million for the comparable period in 1997. This decrease is primarily the result of the consummation of the Company's Plan of Reorganization occurring on July 11, 1997 and a corresponding decrease in bankruptcy related costs subsequent to that date.

COMPARISON OF THE EIGHTY-TWO DAYS ENDED SEPTEMBER 30, 1997 OF THE REORGANIZED COMPANY AND THE SIX MONTHS AND ELEVEN DAYS ENDED JULY 11, 1997 OF THE PREDECESSOR COMPANY TO THE NINE MONTHS ENDED SEPTEMBER 30, 1996

The following is a table which combines the operating results of the six months and eleven days ended July 11, 1997 of the Predecessor Company, herein after referred to as "Old WRT", and the eighty-two days ended September 30, 1997 of the Reorganized Company, herein after referred to as "New WRT". These combined results are compared to the nine months ended September 30, 1996 of Old WRT.

<TABLE>
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	New WRT	Old WRT	Combined Results	Old WRT
	Eighty-two days Ended September 30, 1997	Six Months Eleven days Ended July 11, 1997	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Gas sales	$ 1,399,000	$ 4,706,000	$ 6,105,000	$ 7,665,000
Oil and condensate sales	2,931,000	5,432,000	8,363,000	10,571,000
Other income	75,000	126,000	201,000	262,000
Total revenues	4,405,000	10,264,000	14,669,000	18,498,000
Expenses:				
Lease operating	1,762,000	4,466,000	6,228,000	6,862,000
Gross production taxes	400,000	677,000	1,077,000	1,403,000
Depreciation, depletion and amortization	2,530,000	3,314,000	5,844,000	6,271,000
General and administrative	642,000	2,474,000	3,116,000	3,157,000
Provision for doubtful accounts	--	71,000	71,000	4,278,000
Minimum production guarantee obligation	--	--	--	2,778,000
	5,334,000	11,002,000	16,336,000	24,749,000
Income (loss) from operations	(929,000)	(738,000)	(1,667,000)	(6,251,000)
Interest expense	326,000	1,106,000	1,432,000	4,930,000
Loss before reorganization costs, income taxes and extraordinary item	(1,255,000)	(1,844,000)	(3,099,000)	(11,181,000)
Reorganization costs	--	4,771,000	4,771,000	6,040,000
Loss before income tax and extraordinary item	(1,255,000)	(6,615,000)	(7,870,000)	(17,221,000)
Income tax expense	--	--	--	--
Loss before extraordinary item	(1,255,000)	(6,615,000)	(7,870,000)	(17,221,000)
Extraordinary item-gain on debt discharge	--	(88,723,000)	(88,723,000)	--
Net income (loss)	(1,255,000)	82,108,000	80,853,000	(17,221,000)
Dividends on preferred stock (undeclared on Old WRT)	--	(1,510,000)	(1,510,000)	(2,135,000)
Net loss available to common shareholders	$ (1,255,000)	$ 80,598,000	$ 79,343,000	$ (19,356,000)
Per common share:				
Loss per common and common equivalent share	$ (0.06)	*	*	*
Average common share and common equivalent shares outstanding	22,076,000	*	*	*

</TABLE>

** Per share amounts are not meaningful due to reorganization*

During the nine months ended September 30, 1997, the combined results report a loss before extraordinary item before undeclared dividends on Preferred Stock on Old WRT of $7.9 million. This is a 54% decrease from a net loss before extraordinary item and undeclared dividends on preferred stock of $17.2 million for the corresponding period in 1996. The decrease in loss is due to the following factors:

OIL AND GAS REVENUES. During the nine months ended September 30, 1997, the Company's combined results report oil and gas revenue of $14.5 million, a 21% decrease over

$18.2 million for the comparable period in 1996. The decreased oil and gas sales revenue during the combined period in 1997 is attributable primarily to a combination of ordinary production declines, unexpected decreases in production from several wells, and delays in expanding the Company's field infrastructure to support its increased level of operations related to the West Cote Blanche

Bay field. The following table summarizes the combined results of the Company's oil and gas production and related pricing for the nine months ended September 30, 1997 and 1996:

<TABLE>
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	Nine months ended September 30, 1997	1996
<S>	<C>	<C>
Oil production volumes (Mbbls)	414	531
Gas production volumes (Mmcf)	2,388	3,103
Average oil price (per Bbl)	$20.20	$19.91
Average gas price (per Mcf)	$2.56	$2.47

</TABLE>

PRODUCTION COSTS. Production costs (lease operating expenses and gross production taxes) decreased $1.0 million, or 12%, from $8.3 million for the nine months ended September 30, 1996 to $7.3 million for the comparable period in 1997 due to decreases in production.

DEPRECIATION, DEPLETION AND AMORTIZATION. Depreciation, depletion and amortization decreased $.5 million, or 7%, from $6.3 million for the nine months ended September 30, 1996 to $5.8 million for the comparable period in 1997. This decrease is due primarily to a 1.4 Bcfe, or 23% decrease in oil and gas production. As a result of the fresh start accounting prescribed for companies exiting bankruptcy, a new cost basis in assets is recognized based upon fair value of the assets. Additionally, the Company, effective July 11, 1997, adopted the full cost method of reporting property, plant and equipment (see Notes to Consolidated Financial Statements for further discussion). These two factors do not allow for a meaningful comparison to be made between the 1997 and 1996 periods.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses of $3.2 million for the nine months ended September 30, 1996 remained consistent at $3.1 million for the nine months ended September 30, 1997.

PROVISION FOR DOUBTFUL ACCOUNTS. Provision for doubtful receivables for the nine months ended September 30, 1996, consists of an allowance of a receivable in the amount of $4.3 million relating to the Tri-Deck legal proceeding (see "Legal Proceedings"). During the nine months ended September 30, 1997, the Company reserved $0.1 million of receivables.

MINIMUM PRODUCTION GUARANTEE OBLIGATION. The Company has provided Tricore with a limited production guarantee based on the minimum production schedule attached to the Tricore Joint Venture Agreement (see "Joint Venture Agreement"). Pursuant to the Joint Venture Agreement, if the production during any annual period, commencing October 1 through September 30, is less that the minimum production guarantee levels required by the Joint Venture Agreement, the Company is required to eliminate the annual production deficit by delivering sufficient quantities of gas from other properties in twelve equal monthly installments, commencing the following December 1, or by the issuance to the venture of registered debt or equity securities which have a full market value equal to the required payment. As collateral for the Company's obligations under the production guarantee, Tricore holds a partial assignment of an interest in the WCBB Field. This 4.68% working interest (3.72% net revenue interest) assignment, was made subject to the terms and provisions of the Joint Venture Agreement. Upon satisfaction of the production guarantee, Tricore is required to execute and deliver a release of the partial assignment. As a result, the Company accrued $2.8 million during the nine months ended September 30, 1996 related to its anticipated minimum production guarantee obligation.

INTEREST EXPENSE. The decrease in interest expense of $3.5 million from $4.9 million during the nine months ended September 30, 1996 to $1.4 million for the comparable period in

1997 is primarily due to the termination of the interest accrual on the $100 million in Senior Notes as of February 14, 1996 (the filing date of the Chapter 11 proceedings)

REORGANIZATION COSTS. Reorganization costs decreased 21% from $6.0 million for the nine months ended September 30, 1996 to $4.8 million for the comparable period in 1997. This decrease is primarily the result of the consummation of The Company's Plan of Reorganization occurring on July 11, 1997 and a corresponding decrease in bankruptcy related costs subsequent to that date.

LIQUIDITY AND CAPITAL RESOURCES

Net cash flow provided by operating activities for the nine months ended September 30, 1997 was $6.8 million as compared to net cash flow provided by operating activities of $7.2 million for the comparable period in 1996. This increase is primarily due to the discharge of Pre-Petition liabilities in the amount of $7,837,000 at the effective date of the Plan.

During the first nine months of 1997, the Company invested $5.5 million in property acquisition and development, as compared to $3.5 million during the comparable period in 1996.

Net cash provided in financing activities was $13.3 million for the nine months ended September 30, 1997 as compared to net cash used of $0.5 million during the same period in 1996. This decrease is a direct result of the Company's Chapter 11 Bankruptcy filing in February 1996 and a resulting lack of financing activity during 1996.

CAPITAL REQUIREMENTS AND RESOURCES

The Company continued the suspension of its property acquisition, development and workover activities while remaining a debtor in possession, performing only those workovers approved under court supervision. Commencing with the Effective Date of the Plan, the Company commenced its program to increase production rates, lengthen the productive life of wells and increase total proved reserves primarily through sidetracks out of and recompletions of shut-in wells and installation of hydrocyclones on gas wells producing large volumes of formation water. In addition, certain sidetrack and development drilling locations have been identified as improving reservoir drainage and increasing the ultimate recovery of reserves. Pursuant to this strategy, the Company will be required to make substantial capital expenditures to fully develop its oil and gas reserves. The Company's capital budget for 1997 is approximately $9,132,000. Funding for this capital budget is anticipated to come primarily from cash flows form operations, including 50% interest in the West Cote Blanche Bay properties acquired as part of the Reorganization Plan, along with available net proceeds from the stock rights offering of approximately $1,597,000.

On the Effective Date, the Company received gross proceeds from a stock rights offering of $13,300,000. Proceeds of this offering were used to pay the interest and loan fees in connection with the INCC loan of $3,248,000, fund the litigation trust called for in the Plan of $3,000,000, pay pre-petition claims of $2,963,000 and pay administrative claims of $2,492,000 leaving $1,597,000 which provided additional working capital for the Company.

In addition, on the effective date, the Company exchanged $123,845,000 in unsecured debt for 10,000,000 common shares of New WRT stock and DLBW and Dublin Acquisitions exchanged $9,293,000 of secured debt for 2,655,000 shares of New WRT Stock.

ITEM 1. LEGAL PROCEEDINGS

On December 10, 1992, the Company, one of its executives, a former executive and others instituted a lawsuit against Bear, Stearns & Co. Inc. ("Bear Stearns"), Drake Capital Securities, Inc. ("Drake"), Steven Antebi ("Antebi") and Jerry Friedman ("Friedman") in the District Court of Harris County, Texas 133rd Judicial District. After settling with Drake and Friedman, the plaintiffs commenced trial on February 28, 1995. On March 21, 1995, the jury returned a verdict in favor of the Company and five of the Company's shareholders against Antebi for approximately $1,100,000. Pursuant to the jury verdict, advice of outside counsel and management's belief that recovery of its legal fees was probable, the Company recorded as a receivable approximately $1,100,000 of costs incurred in connection with the litigation. The Company, however, considered the jury verdict to be insufficient. Accordingly, the Company requested, and on August 4, 1995 was granted a new trial. Absent the jury verdict from the original trial, and considering the uncertainty regarding the timing of possible recovery in a new trial, the Company and its outside counsel concluded that they could no longer consider the recovery of the receivable to be probable. Therefore, the Company recorded a provision for this receivable in the third quarter of 1995. Prior to commencement of the new trial, the case went to mediation and was settled on February 16, 1996 for $600,000 plus court costs of approximately $69,000,subject to the approval of the Bankruptcy Court. Consequently on April 22, 1996, WRT filed a Motion for Authority to Compromise the litigation, requesting that the settlement be approved and that the distribution of proceeds generated therefrom be authorized to the respective parties to the litigation pursuant to the settlement agreement reached. Due to objections raised as to the distribution of the litigation proceeds, the Bankruptcy Court approved the settlement agreement but instructed that a subsequent Motion be provided to resolve the issue of disposition of the proceeds. As a result, on August 27, 1996, WRT filed a Motion for Authorization to finally settle distribution of the litigation proceeds. On September 10, 1996, the Bankruptcy Court approved such motion and the proceeds have since been distributed accordingly, including the distribution of approximately $145,000 to WRT, which was recorded as Other Income for the year ended December 31, 1996, Settlement funds of $154,000 attributable to one of the Company's former executives have been held in escrow, pending final resolution of claims of the WRT's bankruptcy estate if any, against the former executive.

In 1994, the Company received a certification from the DNR qualifying certain gas production under Section 107(c)(2) of the Natural Gas Policy Act of 1978 the NGPA as gas produced from geopressured brine. As required under the NGPA, the DNR's determination was forwarded to the FERC for review. In April 1995, the FERC reversed the position of the DNR, rejecting the qualification of the wells under Section 17(c)(2) of the NGPA. The Company appealed the FERC determination to the United States Court of Appeals for the Fifth Circuit, located in New Orleans, Louisiana. In February 1997, the United States Court of appeals for the Fifth Circuit affirmed the FERC's determination.

On December 18 and 19, 1995, two class-action shareholders' suits were filed in the United States District Court for the Southern District of California, seeking damages on behalf of a purported class of persons who purchased the publicly-traded securities of the Company between October 20, 1993 and October 27, 1995. In these complaints, the plaintiffs have sued the Company, certain members of its Board of Directors, and others alleging joint and several liability for violations of Section 12(2) and Section 15 of the Securities Act of 1933. The plaintiffs also complain that all defendants violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 of the Securities Exchange Commission. The individual defendants are alleged to be liable under Section 20(a) of the Securities Exchange Act of 1934. On February 23, 1996, a Notice of Stay by reason of the Company's bankruptcy was filed in both actions. On March 21, 1996, all parties entered into a Stipulation whereby plaintiffs agreed to consolidate the two actions under an amended and consolidated complaint. On June 1, 1996, by agreement of all parties, the case was transferred to the Southern District of New York. By order dated May 2, 1997, the Bankruptcy Court disallowed this lawsuit in full as it relates to the

Company. As a result of the Bankruptcy Court's disallowance of this lawsuit, the litigation will not have an effect on the Company's financial condition or results of operations.

On September 28, 1995, a lawsuit was served against the Company, Arnoult Equipment and Construction, Inc., Steven S. McGuire, Donald J. Arnoult and others in the 24th Judicial District Court for the Parish of Jefferson, State of Louisiana. The plaintiff, the former president, chief executive officer and stockholder in certain oilfield service companies used by the Company in its field development activities, alleged that the Company and others interfered with his employment, ultimately resulting in his forced resignation from such companies. The plaintiff further alleged the Company and others acted in a manner that resulted in the devaluing of the services company's assets and plaintiff's corresponding equity holdings in the companies. On November 9, 1995, the Company, et al filed with the Court exceptions of no cause of action, no right of action and vagueness. On June 6, 1997, the Bankruptcy Court disallowed this lawsuit in full.

During 1996, WRT received notice from a third party claiming that WRT's title has failed as to approximately 43 acres in the Bayou Pigeon Field. Some or all of the acreage in the dispute is considered to be productive in three separate production units. Assuming that WRT's title is flawed, WRT's working interest in three units may be reduced from 100% of each unit to approximately 7% (5% NRI), 75% (63% NRI), and 95% (72% NRI), respectively. The financial statements as of June 30, 1997 and December 31, 1996 and for the six month periods ended June 30, 1997 and 1996, reflect operating results and proved reserves discounted for this possible title failure. As the title failure predates its ownership of the field, WRT is currently evaluating its recourse against the predecessors-in-title relative to this issue.

During 1995, the Company entered into a marketing agreement with Tri-Deck Oil and Gas Company ("Tri-Deck") pursuant to which Tri-Deck would market all of WRT's oil and gas production. Subsequent to the agreement, Tri-Deck's principal and WRT's Director of Marketing, James Florence, assigned to Plains Marketing Tri-Deck's right to market WRT's oil production and assigned to Perry Oil & Gas ("Perry Gas") Tri-Deck's right to market WRT's gas production. During early 1996, Tri-Deck failed to make payments to WRT attributable to several months of WRT's gas production. Consequently, on May 20, 1996, the Company filed a Motion to Reject the Tri-Deck Marketing Agreement, and on May 29, 1996, the Company initiated an adversary proceeding against Tri-Deck and Perry Gas. Perry Gas was the party which ultimately purchased the Company's gas production for the months in question.

With respect to the Motion to Reject, the Bankruptcy Court authorized the rejection and directed Tri-Deck and WRT to determine the amount of production proceeds attributable to WRT's June 1995 gas production which are payable to WRT. Thereafter, Perry Gas made payment to WRT of the June 1995 gas proceeds less $75,000 for a set-off claim by Perry Gas, which is subject to further consideration by the Bankruptcy Court. Perry Gas subsequently filed an administrative claim in the Chapter 11 case, seeking recovery for damages allegedly arising out of WRT's conduct in connection with its rejection of the Tri-Deck contract and related negotiations with Perry. By decision dated July 3, 1997, the Bankruptcy Court allowed, in part, Perry Gas' administrative claim, in the aggregate amount of approximately $64,000, and directed Perry Gas to obtain payment of such amount from the Perry Setoff Escrow, which as result of this payment, currently has a balance of approximately $10,000.

With respect to the adversary proceeding, WRT sought recovery from Tri-Deck and/or Perry Gas of all unpaid production proceeds payable to WRT under the marketing agreement and the issuance of a temporary restraining order and preliminary injunction against both parties to prevent further disposition of such proceeds pending the outcome of the proceedings. On May 31, 1996, the Bankruptcy Court entered a consensual temporary restraining order against both Tri-Deck and Perry Gas. On June 18, 1996, a preliminary injunction was entered by the Bankruptcy Court which required Perry Gas to segregate in to a separate depository account the funds due for the purchase of WRT's April and May 1996 gas production from Tri-Deck. Subsequently, upon motion by WRT the Bankruptcy Court ordered such funds to be placed into the Bankruptcy Court's registry, as Perry Gas had made certain withdrawals from the separate depository account without authorization by the Bankruptcy Court. As of October 1, 1997, funds in the amount of approximately $1,700,000 remained in the registry of the Bankruptcy Court. On April 1, 1997, WRT moved for partial summary judgement with respect to Perry Gas seeking release of the escrow funds, as well as additional funds from Perry Gas attributable to previous miscalculations of the amounts owed by Perry Gas. At a hearing held on May 27, 1997, the Bankruptcy Court denied WRT's motion to extent that it sought additional payments by Perry Gas to WRT and reserved decision with respect to the disbursement to WRT of the funds currently in the Court's registry. On July 9, 1997, Perry Gas filed its own summary judgement motion with respect to its assertion that it is entitled to certain adjustments for prior overpayments in the amount of approximately $120,000. On August 26, 1997, Perry requested permission to amend its motion and subsequently filed an amended affidavit reducing the amount claimed to approximately $51,000.

On August 21, 1997, WRT filed a motion for leave to amend the adversary complaint, which amended would, among other things, name as defendants, in addition to Tri-Deck and Perry Gas, James Florence, Beth Perry Sewell, Steve McGuire, Ronald Hale and Mark Miller, and included several additional causes of action against both the original and these additional defendants. Oral argument with respect to WRT's motion for leave to amend was heard on September 16, 1997, and the motion is currently under review. In light of the pendency of WRT's motion to amend, by Order dated September 5, 1997, the Court denied WRT's motion for partial summary judgement, which had been under advisement since May, 1997.

Ultimate resolution of the WRT - Tri-Deck - Perry Gas dispute, and thus recovery by WRT of all amounts owed by Tri-Deck or Perry Gas, will also entail Bankruptcy Court disposition of a counterclaim by Tri-Deck seeking, among other things, damages for alleged tortious interference by WRT with Tri-Decks'

contractual relations with other Tri-Deck customers. Although management believes that Tri-Deck's claim to the funds in the registry of the Bankruptcy Court is invalid, and the aforementioned counterclaim is without merit, for financial reporting purposes the receivable from Tri-Deck was fully reserved for as of June 30, 1997.

On January 14, 1997, WRT initiated an adversary proceeding, WRT Energy Corp. v Tri-Core Energy, L.P., (Adv. Pro. No 97AP-5003), in United States Bankruptcy Court, Western District of Louisiana, Lafayette Opelousas Division, to obtain a declaration of the invalidity of the security interest or liens allegedly securing Tricore Energy Venture, LP's ("Tricore") asserted secured claim of "up to $9,064,000" (as amended) or alternatively for avoidance of such security interest or liens pursuant to Section 544 and 547 of the Bankruptcy Code. Such suit is pending as of the date of this report. On March 7, 1997, the Company also filed an objection to both the allowance and amount of Tricore's claim. The objection has been consolidated with the adversary proceeding. On August 6, 1997, the Bankruptcy Court issued an opinion holding that Tricore's asserted security interest and liens were invalid under Louisiana law. See further explanation regarding Tricore at Note 16, "Joint Venture Agreement" to the Company's Consolidated Financial Statements. The Company is currently negotiating a settlement with Tricore pursuant to their claim.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by item 601 of Regulation S-K are as follows:

10.0 Final Order Authorizing Use of Proceeds from Oil and Gas Operations. (1)

10.1 Letter agreement by and among WRT Energy Corporation, DLB Oil & Gas, Inc. and Wexford Management, LLC dated October 22, 1996.(2)

10.2 Debtor's and DLBW's First Amended Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code dated January 20, 1997. (3)

10.3 First Amended Disclosure Statement Under 11 U.S.C. 1125 In Support of Debtor's and DLBW's First Amended Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code dated January 20, 1997. (3)

10.4 Second Amended Joint Plan of Reorganization. (4)

10.5 Second Amended Disclosure Statement. (4)

3.1 Articles of Incorporation

3.2 Bylaws

4.2 Credit Agreement

4.3 Employment Agreement

(b) Registrant filed the following reports on Form 8-K's

Form 8-K filed on July 22, 1997 announcing consummation of the Second Amended Joint Plan of Reorganization.

Reorganization as amended.

(1) Filed with Form 8-K dated March 14, 1997.
(2) Filed with Form 8-K dated November 6, 1996
(3) Filed with Form 8-K dated March 3, 1997.
(4) Filed with Form 8-K dated July 22, 1997.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES AND EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED THEREUNTO DULY AUTHORIZED.

WRT ENERGY CORPORATION

Date: December 1, 1997

/s/ Gary C. Hanna

Gary C. Hanna
President

/s/ Ronald D. Youtsey

Ronald D. Youtsey
Secretary and Treasurer

INDEX TO EXHIBITS

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EXHIBIT NUMBER	DESCRIPTION
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10.5	Second Amended Disclosure Statement. (4)
3.1	Articles of Incorporation
3.2	Bylaws
4.2	Credit Agreement
4.3	Employment Agreement
27	FDS

</TABLE>

(1) Filed with Form 8-K dated March 14, 1997.
(2) Filed with Form 8-K dated November 6, 1996
(3) Filed with Form 8-K dated March 3, 1997.
(4) Filed with Form 8-K dated July 22, 1997.

RESTATED CERTIFICATE OF INCORPORATION

OF

WRT ENERGY CORPORATION

WRT Energy Corporation (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that:

1. The name of the Corporation is WRT Energy Corporation, and the date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was June 20, 1997.

2. This Restated Certificate of Incorporation restates and integrates and further amends the Certificate of Incorporation of the Corporation as follows: Article IX of the Certificate of Incorporation is added to permit the Corporation to expressly opt out of Section 203 of the General Corporation Law of the State of Delaware (the "DGCL").

3. The Corporation, as of the date hereof, has not received any payment for any of its stock.

4. This Restated Certificate of Incorporation was duly adopted by a majority of the directors of the Board of Directors of the Corporation in accordance with the provisions of Section 241 of the DGCL.

5. The text of the Certificate of Incorporation as amended or supplemented heretofore is further amended hereby, and is hereby restated, to read in its entirety as herein set forth:

RESTATED CERTIFICATE OF INCORPORATION
OF
WRT Energy Corporation

ARTICLE I
NAME

The name of the corporation is WRT Energy Corporation (the "Corporation").

ARTICLE II
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL"), within or without the State of Delaware.

ARTICLE III
DURATION

The duration of the Corporation shall be in perpetuity, or such maximum period as may be authorized by the laws of Delaware.

ARTICLE IV
AUTHORIZED CAPITAL

The Corporation is hereby authorized to issue a total of fifty-one million (51,000,000) shares of capital stock which shall be subdivided into classes as follows:

(a) Fifty million (50,000,000) shares of the Corporation's capital stock shall be denominated as Common Stock, have a par value of $0.01 per share, and have the rights, powers and preferences set forth in this paragraph. The holders of Common Stock shall share ratably, with all other classes of common equity, in any dividends that may, from time to time, be declared by the Board of Directors. No dividends may be paid with respect to the Corporation's Common Stock, however, until dividend distributions to the holders of Preferred Stock, if any, have been paid in accordance with the certificate or certificates of designation relating to such Preferred Stock. The holders of Common Stock shall share ratably, with all other classes of common equity, if any, in any assets of the Corporation that are available for distribution to the holders of common equity securities of the Corporation upon the dissolution or liquidation of the Corporation. The holders of Common Stock shall be entitled to cast one vote per share on all matters that are submitted for a vote of the stockholders. There are no redemption or sinking fund provisions that are applicable to the Common Stock of the Corporation. Subject only to the requirements of the DGCL and the foregoing limits, the Board of Directors

is expressly authorized to issue shares of Common Stock without stockholder approval, at any time and from time to time, to such persons and for such consideration as the Board of Directors shall deem appropriate under the circumstances.

(b) One million (1,000,000) shares of the Corporation's authorized capital stock shall be denominated as Preferred Stock, par value of $0.01 per share. Shares of Preferred Stock may be issued from time to time in one or more series as the Board of Directors, by resolution or resolutions, may from time to time determine, each of said series to be distinctively designated. The voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, if any, of each such Series of Preferred Stock may differ from those of any and all other series of Preferred Stock at any time

outstanding, and the Board of Directors is hereby expressly granted authority to fix or alter, by resolution or resolutions, the designation, number, voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, of each such series of Preferred Stock, including, but without limiting the generality of the foregoing, the following:

(i) The distinctive designation of, and the number of shares of Preferred Stock that shall constitute, each series of Preferred Stock, which number (except as otherwise provided by the Board of Directors in the resolution establishing such series) may be increased or decreased (but not below the number of shares of such series then outstanding) from time to time by the Board of Directors without prior approval of the holders of such series;

(ii) The rights in respect of dividends, if any, of such series of Preferred Stock, the extent of the preference or relation, if any, of such dividends payable on any other class or classes or any other series of the same or other class or classes of capital stock of the Corporation, and whether such dividends shall be cumulative or non-cumulative;

(iii) The right, if any, of the holders of such series of Preferred Stock to convert the same into, or exchange the same for, shares of any other class or classes or of any other series of the same or any other class or classes of capital stock of the Corporation and the terms and conditions of such conversion or exchange, including, without limitation, whether or not the number of shares of such other class or series into which shares of such series may be converted or exchanged shall be adjusted in the event of any stock split, stock dividend, subdivision, combination, reclassification or other transaction or series of transactions affecting the class or series into which such series of Preferred Stock may be converted or exchanged;

(iv) Whether or not shares of such series of Preferred Stock shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, shares of such series of Preferred Stock may be redeemed;

(v) The rights, if any, of the holder of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation or in the event of any merger or consolidation of or sale of assets by the Corporation;

(vi) The terms of sinking fund or redemption or repurchase account, if any, to be provided for shares of such series of Preferred Stock;

(vii) The voting powers, if any, of the holders of any series of Preferred Stock generally or with respect to any particular matter, which may be less than, equal to or greater than one vote per share, and which may, without limiting the generality

of the foregoing, include the right, voting as a series by itself or together with the holders of any other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation (which, without limiting the generality of the foregoing, may include a specified number or portion of the then-existing number of authorized directorships of the Corporation, or a specified number or portion of directorships in addition to the then-existing number of authorized directorships of the Corporation), generally or under such specific circumstances and on such conditions, as shall be provided in the resolution or resolutions of the Board of Directors adopted pursuant hereto; and

(viii) Such other powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof, as the Board of Directors shall determine.

Upon the creation of any new class or series of Preferred Stock of the Corporation, the Board of Directors shall prepare and file with the records of the Corporation and pursuant to the applicable provisions of the DGCL a certificate setting forth the rights and preferences of such class or series of Preferred Stock, which certificate as so filed shall be deemed an amendment to this Certificate of Incorporation and shall not require the consent of any stockholder.

(c) In addition to the Common Stock and Preferred Stock described above, the Board of Directors is authorized to cause the issuance of any options, rights, warrants or appreciation rights relating to any equity or debt security of the Corporation and which may have rights or preference junior or senior to any equity or debt security of the Corporation from time to time on terms and conditions established in the sole and complete discretion of the Board of Directors. If and to the extent required by the DGCL, upon the creation of any new class or series of additional securities of the Corporation, the Board of Directors shall prepare and file with the records of Corporation a certificate setting forth the rights and preferences of such class or series of additional securities of the Corporation, which certificate shall be deemed an amendment to this Certificate of Incorporation and shall not require the consent of any stockholder.

(d) Except to the extent that such rights are specifically enumerated in a certificate setting forth the rights and preferences of a specific class or series of Preferred Stock or other securities of the Corporation, no stockholder shall have any preemptive, preferential or other right, including, without limitation, with respect to (i) the issuance or sale of additional Common Stock of the Corporation, (ii) the issuance or sale of additional Preferred Stock of the Corporation, (iii) the issuance of any obligation and/or evidence of indebtedness of the Corporation which is or may be convertible into or exchangeable for, or accompanied by any rights to receive, purchase or subscribe to, any shares of Common Stock, Preferred Stock or other securities of the Corporation, (iv) the issuance of any right of subscription to, or right to receive, any warrant or option for the purchase of any Common Stock, Preferred Stock or other securities of the Corporation or (v) the issuance or sale of any other equity or debt securities that may be issued or sold by the Corporation from time to time.

(e) Notwithstanding anything in this Certificate of Incorporation to the contrary, the Board of Directors shall be prohibited from authorizing or issuing any equity securities that have no voting rights.

ARTICLE V
RIGHTS AND POWERS OF STOCKHOLDERS

(a) Meetings of stockholders may be held within or without the State of Delaware, at such date and time as is requested by the person or persons calling the meeting, within the limits fixed by law. The books of the Corporation may be kept (subject to any provision contained in the statutes)

outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation.

(b) At any annual or special meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting in accordance with this Article V. To be properly brought before an annual meeting business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting, provided, however, that in the event that less than seventy (70) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the number of shares of the Corporation which are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business. To be properly brought before a special meeting of stockholders, business must have been specified in the notice of meeting (or supplement thereto) given by or at the direction of the Board of Directors. Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at any annual or special meeting except in accordance with the procedures set forth in this Article V. The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting in accordance with the provisions of this Article V, and if he should so determine, he shall so declare at the meeting and any such business not properly brought before the meeting shall not be transacted.

(c) Only persons who are nominated in accordance with the procedures set forth in this Article V shall be eligible for election as directors of the Corporation. Nominations of

persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Article V. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the meeting, provided, however, that in the event that less than seventy (70) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the number of shares, if any, of the Corporation which are beneficially owned by such person and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such persons' written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the number of shares of the Corporation which are beneficially owned by such stockholder. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed

herein, and if he should so determine, he shall so declare at the meeting and the defective nomination shall be disregarded.

ARTICLE VI
DIRECTORS

(a) The business and affairs of the Corporation shall be conducted and managed by, or under the direction of, the Board of Directors. The exact number of directors of the Corporation shall be fixed by the Board of Directors as provided in the By-laws.

(b) The personal liability of the directors of the Corporation is hereby eliminated to the fullest extent permitted by the DGCL (including, without limitation, paragraph (7) of subsection (b) of Section 102 thereof), as the same may be amended and supplemented from time to time. If the DGCL hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended DGCL. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

(c) The election of directors of the Corporation need not be by written ballot, unless the By-laws of the Corporation otherwise provide.

ARTICLE VII
REGISTERED OFFICE AND AGENT, AND DIRECTORS

The address of the Corporation's registered office in the State of Delaware is 1013 Centre Road, Wilmington, County of New Castle, Delaware, 19085. Corporation Service Company is the Corporation's registered agent at this address. The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualified are:

<TABLE>
<CAPTION>

	Name	*Address*
<S>	*<C>*	*<C>*
1.	*Charles E. Davidson*	*411 West Putnam Avenue, Greenwich, CT 06830*
2.	*Mark Liddell*	*1601 N.W. Expressway, Suite 700, Oklahoma City, OK 73118-1401*
3.	*Mike Liddell*	*1601 N.W. Expressway, Suite 700, Oklahoma City, OK 73118-1401*
4.	*Robert E. Brooks*	*343 Third Street, Suite 205, Baton Rouge, LA 70801*
5.	*Alan May*	*10814 Everwood Lane, Houston, TX 70024*

</TABLE>

ARTICLE VIII
AMENDMENTS TO THE CERTIFICATE OF INCORPORATION AND BY-LAWS

(a) The Corporation reserves the right to amend, alter, change or repeal, from time to time, any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation of powers.

(b) The Board of Directors shall have the power to make, adopt, alter, amend and repeal from time to time the By-laws of this Corporation, subject to the right of the stockholders entitled to vote with respect thereto to adopt, amend and repeal by-laws.

ARTICLE IX
SECTION 203 - BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS

The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

ARTICLE X
INCORPORATOR

Robert E. Hochstein is the sole incorporator and his mailing address is c/o Schulte Roth & Zabel LLP, 900 Third Avenue, New York, New York, 10022.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by Gary C. Hanna, its President, this ____ day of July, 1997.

By: _____

Name: ***Gary C. Hanna***
Title: ***President***

BY-LAWS

OF

WRT ENERGY CORPORATION
(HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I
Offices

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
Meetings of Stockholders

Section 1. Place of Meetings. Except as otherwise provided in these By-laws, all meetings of the stockholders shall be held on such dates and at such times and places, within or without the State of Delaware, as shall be determined by the Board of Directors, or the Chairman of the Board of Directors or the President and as shall be stated in the notice of the meeting or in waivers of notice thereof. If the place of any meeting is not so fixed, it shall be held at the registered office of the Corporation in the State of Delaware.

Section 2. Annual Meeting. The annual meeting of stockholders for the election of directors and the transaction of such other proper business as may be brought before the meeting shall be held on such date after the close of the Corporation's fiscal year, and at such time, as the Board of Directors may from time to time determine.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called by the Board of Directors, or the Chairman of the Board of Directors or the President and shall be called by the President or the Secretary upon the written request of a majority of the directors or the holders of not less than sixty-six percent (66%) of the Corporation's outstanding shares entitled to vote at such meeting. The request shall state the date, time, place and purpose or purposes of the proposed meeting.

Section 4. Notice of Meetings. Except as otherwise required or permitted by law, whenever the stockholders are required or permitted to take any action at a meeting, written notice thereof shall be given, stating the place, date and hour of the meeting and, unless it is the annual meeting, by or at whose direction it is being issued. The notice also shall designate the place where the stockholders list is available for examination, unless the list is kept at the place where the meeting is to be held. Notice of a special meeting also shall state the purpose or

purposes for which the meeting is called. A copy of the notice of any meeting shall be delivered personally or shall be mailed, not less than ten (10) and not more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at the meeting.

If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to each stockholder at such stockholder's address as it appears on the records of the Corporation, unless such stockholder shall have filed with the Secretary of the Corporation a written request that such notices be mailed to some other address, in which

case it shall be directed to such other address. Notice of any meeting of stockholders need not be given to any stockholder who shall attend the meeting, other than for the express purpose of objecting at the beginning thereof to the transaction of any business because the meeting is not lawfully called or convened, or who shall submit, either before or after the time stated therein, a signed waiver of notice.

Unless the Board of Directors, after an adjournment is taken, shall fix a new record date for an adjourned meeting or unless the adjournment is for more than thirty (30) days, notice of an adjourned meeting need not be given if the place, date and time to which the meeting shall be adjourned are announced at the meeting at which the adjournment is taken. If, however, the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 5. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, at all meetings of stockholders the holders of a majority of the shares of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business. Where a separate vote by a class, classes or series is required, a majority of the outstanding shares of such class, classes, or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, unless or except to the extent that the presence of a larger number may be required by law or the Certificate of Incorporation. If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, date or time without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 6. Voting. Except as otherwise provided by law or by the Certificate of Incorporation of the Corporation, at any meeting of the stockholders every stockholder of record having the right to vote thereat shall be entitled to one vote for every share of stock standing in his name as of the record date and entitling him to so vote. A stockholder may vote in person or by proxy. Except as otherwise provided by law or by the Certificate of Incorporation, any corporate action to be taken by a vote of the stockholders, other than the election of directors, shall be authorized by the affirmative vote of a majority of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter. Directors shall be elected as

provided in Section 2 of Article III of these By-laws. Written ballots shall not be required for voting on any matter unless ordered by the chairman of the meeting.

Section 7. Proxies. Every proxy shall be executed in writing by the stockholder or by his authorized representative, or otherwise as provided in the General Corporation Law of the State of Delaware ("DGCL").

Section 8. List of Stockholders. For a period of at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing their addresses and the number of shares registered in their names as of the record date shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 9. Conduct of Meetings. At each meeting of the

stockholders, the Chairman of the Board of Directors or, in his absence, one of the following officers present in the order stated shall act as chairman of the meeting: the President, the Vice Presidents in their order of rank and seniority, or a chairman chosen by a majority of the directors present. The Secretary, or, in his absence, an Assistant Secretary, or in the absence of the Secretary and the Assistant Secretaries, any person appointed by the chairman of the meeting shall act as Secretary of the meeting and shall keep the minutes thereof. The order of business at all meetings of the stockholders shall be as determined by the chairman of the meeting.

Section 10. Consent of Stockholders in Lieu of Meeting. Unless otherwise provided in the Certificate of Incorporation of the Corporation, any action required to be taken or which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed, in person or by proxy, by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted in person or by proxy and shall be delivered to the Corporation as required by law. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 11. Inspectors of Election. In advance of any meeting of stockholders, the Board of Directors may appoint one or more inspectors of election, who need not be stockholders, to act at such meeting or any adjournment thereof. If inspectors of election are not so appointed, the person presiding at any such meeting may, and on the request of any stockholder entitled to vote at the meeting and before voting begins shall, appoint inspectors of election. If any person who is appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting, or at the meeting by the

person presiding at the meeting. Each inspector, before entering upon the discharge of his duties, shall take an oath faithfully to execute the duties of inspector at such meeting.

If inspectors of election are appointed as aforesaid, they shall determine from the lists referred to in Section 8 of this Article II the number of shares outstanding, the shares represented at the meeting, the existence of a quorum and the voting power of shares represented at the meeting, determine the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote or the number of votes which may be cast, count and tabulate all votes or ballots, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders entitled to vote thereat. Unless waived by vote of the stockholders conducted in the manner which is provided in Section 5 of this Article, the inspectors shall make a report in writing of any challenge or question matter which is determined by them, and execute a sworn certificate of any facts found by them. The decision, act or certificate of a majority of the inspectors of election shall be effective in all respects as the decision, act or certificate of all the inspectors of election.

ARTICLE III
Board of Directors

Section 1. Number of Directors. Except as otherwise provided by the Certificate of Incorporation of the Corporation, until such time as the Board of Directors determines otherwise, the Board of Directors shall consist of five (5) members, with the then-authorized number of directors being fixed from time to time solely by or pursuant to a resolution passed by the Board of Directors, provided, however, that from July 2, 1997 until July 2, 2000 there shall be no more than and no less than five (5) directors. Effective July 2, 2000, the number of directors may be reduced or increased from time to time by action of a majority of the whole Board, but no decrease may shorten the term of an incumbent director. When used in these By-laws, the term "whole Board"

means the total number of directors which the Corporation would have if there were no vacancies.

Section 2. Election and Term. Except as otherwise provided by law, by the Certificate of Incorporation of the Corporation or by these By-laws, the directors shall be elected at the annual meeting of the stockholders and the persons receiving a plurality of the votes cast shall be so elected. Subject to his earlier death, resignation or removal, each director shall hold office until his successor shall have been elected and shall have qualified.

Section 3. Removal. Except for such directors, if any, as are elected by the holders of any series of Preferred Stock separately as a class as provided for or fixed pursuant to the provisions of the Certificate of Incorporation, any director of the Corporation may be removed from office only for cause and only by the affirmative vote of the holders of not less than sixty-six percent (66%) of the votes which could be cast by holders of all outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, considered for this purpose as one class.

Section 4. Resignations. Any director may resign at any time by giving written notice of his resignation to the Corporation. A resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

Section 5. Vacancies. Except as otherwise provided by the Certificate of Incorporation of the Corporation, any vacancy in the Board of Directors and newly created directorships, resulting from any increase in the authorized number of directors or otherwise, may be filled only by the vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

Section 6. Place of Meetings. Except as otherwise provided in these By-laws, all meetings of the Board of Directors, both regular and special, shall be held at such places, within or without the State of Delaware, as the Board determines from time to time.

Section 7. Annual Meeting. The first meeting of each newly-elected Board of Directors shall be held either (x) immediately following the annual meeting of stockholders and no notice of such meeting shall be necessary to be given the newly-elected directors in order legally to constitute the meeting, provided a quorum shall be present, or (y) as soon as practicable after the annual meeting of the stockholders on such date and at such time and place as the Board of Directors determines from time to time. In the event such annual meeting of stockholders is not so held, the annual meeting of the Board of Directors shall be held on such date and at such time and place as the Board determines from time to time.

Section 8. Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as the Board of Directors determines from time to time. Notice of regular meetings need not be given, except as otherwise required by law.

Section 9. Special Meetings. Special meetings of the Board of Directors, for any purpose or purposes, may be called by the Chairman of the Board of Directors or the President and shall be called by the President or the Secretary upon the written request of a majority of the directors. The request shall state the date, time, place and purpose or purposes of the proposed meeting.

Section 10. Notice of Meetings. Notice of each special meeting of the Board (and of each annual meeting which is not held immediately after, and in the same place as, the annual meeting of stockholders) shall be

given, not less than twenty-four (24) hours before the meeting is scheduled to commence, by the Chairman of the Board of Directors, the President or the Secretary and shall state the place, date and time of the meeting. Notice of each meeting may be delivered to a director by hand or given to a director orally (either by telephone or in person) or mailed, telegraphed or sent by facsimile transmission to a director at his residence or usual place of business, provided, however, that if notice of less than seventy-two (72) hours is given it may not be mailed. If mailed, the notice shall be deemed given when deposited in the United

States mail, postage prepaid; if telegraphed, the notice shall be deemed given when the contents of the telegram are transmitted to the telegraph service with instructions that the telegram immediately be dispatched; and if sent by facsimile transmission, the notice shall be deemed given when transmitted with transmission confirmed. Notice of any meeting need not be given to any director who shall submit, either before or after the time stated therein, a signed waiver of notice or who shall attend the meeting, other than for the express purpose of objecting at the beginning thereof to the transaction of any business because the meeting is not lawfully called or convened. Notice of an adjourned meeting, including the place, date and time of the new meeting, shall be given to all directors not present at the time of the adjournment, and also to the other directors unless the place, date and time of the new meeting are announced at the meeting at the time at which the adjournment is taken.

Section 11. Quorum. Except as otherwise provided by law or in these By-laws, at all meetings of the Board of Directors a majority of the whole Board shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another place, date and time.

Section 12. Conduct of Meetings. At each meeting of the Board of Directors, the Chairman of the Board of Directors or, in his absence, the President or, in his absence, a director chosen by a majority of the directors present shall act as chairman of the meeting. The Secretary or, in his absence, any person appointed by the chairman of the meeting shall act as Secretary of the meeting and keep the minutes thereof. The order of business at all meetings of the Board of Directors shall be as determined by the chairman of the meeting.

Section 13. Committees of the Board. The Board of Directors, by resolution adopted by a majority of the whole Board of Directors, may designate an executive committee and other committees, each consisting of one or more directors. Each committee (including the members thereof) shall serve at the pleasure of the Board of Directors and shall keep minutes of its meetings and report the same to the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member or members at any meeting of the committee. In addition, in the absence or disqualification of a member of a committee, if no alternate member has been designated by the Board of Directors, the member or members present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member. Except as limited by law, each committee, to the extent provided in the resolution of the Board of Directors establishing it, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation.

Section 14. Operation of Committees. A majority of all the members of a committee shall constitute a quorum for the transaction of business, and the vote of a majority of all the members of a committee present at a meeting at which a quorum is present shall be the act

of the committee. Each committee shall adopt whatever other rules of procedure it determines to be necessary for the conduct of its activities.

Section 15. Consent to Action. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 16. Attendance Other Than in Person. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

Section 17. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
Officers

Section 1. General. The officers of the Corporation shall be appointed by the Board of Directors and shall consist of a Chairman of the Board or a President, or both, one or more Vice Presidents, a Treasurer and a Secretary. The Board of Directors may also choose one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as the Board of Directors, in its sole and absolute discretion, shall deem necessary or appropriate as designated by the Board of Directors from time to time. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these By-laws provide otherwise.

Section 2. Election; Term of Office. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect a Chairman of the Board or a President, or both, one or more Vice Presidents, a Secretary and a Treasurer, and may also elect at that meeting or any other meeting, such other officers and agents as it shall deem necessary or appropriate. Each officer of the Corporation shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors together with the powers and duties which are customarily exercised by such officer; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. The Board of Directors may at any time, with or without cause, by the affirmative vote of a majority of directors then in office, remove an officer.

Section 3. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and the Board of Directors and shall have such other duties and powers as may be prescribed by the Board of Directors from time to time.

Section 4. President. The President shall be the chief executive officer of the Corporation, shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have and exercise such further powers and duties as may be specifically delegated to or vested in the President from time to time by these By-laws or the Board of Directors. In the absence of the Chairman of the Board or in the

event of his inability or refusal to act, or if the Board has not designated a Chairman, the President shall perform the duties of the Chairman of the Board, and when so acting, shall have the powers and be subject to all of the restrictions upon the Chairman of the Board.

Section 5. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event that there be more than one Vice President, the Vice Presidents in the order designated by the Board of Directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presents shall perform such other duties and have such other powers as the Board of Directors or the President may from time to time prescribe.

Section 6. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the President may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix same to any instrument requiring it and when so affixed, it may be attested to by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 7. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep complete and accurate accounts of all receipts and disbursements of the Corporation, and shall deposit all monies and other valuable effects of the Corporation in its name and to its credit in such banks and other depositories as may be designated from time to time by the Board of Directors. The Treasurer shall disburse the funds of the Corporation, taking proper vouchers and receipts for such disbursements, and shall render to the Board of Directors,

at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall, when and if required by the Board of Directors, give and file with the Corporation a bond, in such form and amount and with such surety or sureties as shall be satisfactory to the Board of Directors, for the faithful performance of his or her duties as Treasurer. The Treasurer shall have such other powers and perform such other duties as the Board of Directors or the President shall from time to time prescribe.

Section 8. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

Section 9. Resignations. Any officer may resign at any time by giving written notice of his resignation to the Corporation. For purposes of this Section, notice to the Board of Directors, the Chairman of the Board, the President or the Secretary shall be deemed to constitute notice to the Corporation. Such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the

acceptance of a resignation shall not be necessary to make it effective.

Section 10. Removal. Any officer or agent may be removed, either with or without cause, at any time, by the Board of Directors at any meeting called for that purpose; provided, however, that the President may remove any agent appointed by him.

Section 11. Vacancies. Any vacancy among the officers, whether caused by death, resignation, removal or any other cause, shall be filled in the manner which is prescribed for election or appointment to such office.

ARTICLE V
Provisions Relating to Stock Certificates and Stockholders

Section 1. Certificates. Certificates for the Corporation's capital stock shall be in such form as required by law and as approved by the Board of Directors. Each certificate shall be signed in the name of the Corporation by the Chairman of the Board of Directors, the President or any Vice President and by the Secretary, the Treasurer, any Assistant Secretary or any Assistant Treasurer and may bear the seal of the Corporation or a facsimile thereof. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature shall have been placed on any certificate shall have ceased to be such officer, transfer agent or registrar before the certificate shall be issued, the certificate may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. Replacement Certificates. The Corporation may issue a new certificate of stock in place of any certificate previously issued by it, alleged to have been lost, stolen or

destroyed, and the Board of Directors may require the owner of the lost, stolen or destroyed certificate, or such person's legal representative, to make an affidavit of that fact and to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of the certificate or the issuance of such new certificate.

Section 3. Transfers of Shares. Transfers of shares shall be registered on the books of the Corporation maintained for that purpose after due presentation of the stock certificates therefor, appropriately endorsed or accompanied by proper evidence of succession, assignment or authority to transfer.

Section 4. Record Date. For the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining stockholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) or less than ten (10) days before the date of any such meeting, shall not be more than ten (10) days after the date on which the Board fixes a record date for any such consent in writing, and shall not be more than sixty (60) days prior to any other action.

Section 5. Dividends. To the extent permitted by law, the Board of Directors shall have full power and discretion, subject to the provisions of the Certificate of Incorporation of the Corporation and the terms of any other corporate document or instrument binding upon the Corporation, to determine what, if any, dividends or distributions, which may be paid in cash, property, shares of the capital stock of the Corporation or any combination thereof, shall be declared and paid or made.

ARTICLE VI
Indemnification

Section 1. Indemnification. To the fullest extent permitted by the DGCL (including, without limitation, Section 145 thereof) or other provisions of the laws of Delaware relating to indemnification of directors, officers, employees and agents, as the same may be amended and supplemented from time to time, the Corporation may indemnify any and all such persons whom it shall have power to indemnify under the DGCL or such other provisions of law.

Section 2. Statutory Indemnification. Without limiting the generality of Section 1 of this Article VI, to the fullest extent permitted, and subject to the conditions imposed, by law, and pursuant to Section 145 of the DGCL:

(i) the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a

director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

(ii) the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except as otherwise provided by law.

Section 3. Indemnification by Resolution of Stockholders or Directors or Agreement. In addition to the indemnification provided pursuant to Section 2 of this Article VI, to the fullest extent permitted by law, indemnification may be granted, and expenses may be advanced, to the persons described in Section 145 of the DGCL or other provisions of the laws of Delaware relating to indemnification and advancement of expenses, as from time to time may be in effect, by (i) a resolution of stockholders, (ii) a resolution of the Board of Directors, or (iii) an agreement providing for such indemnification and advancement of expenses, provided that no indemnification may be made to or on behalf of any person if a judgment or other final adjudication adverse to the person establishes that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such person personally gained in fact a financial profit or other advantage to which such person was not legally entitled. If it is subsequently determined that any person who was indemnified or to whom expenses were advanced in accordance with the provisions of this Article VI was not entitled to such indemnification or advancement of expenses or both, by reason of the person having acted in bad faith or with active and deliberate dishonesty, or having personally gained a financial profit or other advantage to which such person was not legally entitled or otherwise, then such person shall promptly reimburse the

Corporation for all such fees and expenses previously paid by the Corporation.

Section 4. General. It is the intent of this Article VI to require the Corporation to indemnify the persons referred to herein for judgments, fines, penalties, amounts paid in settlement and expenses (including attorneys' fees), and to advance expenses to such persons, in each and every circumstance in which such indemnification and such advancement of expenses could lawfully be permitted by express provision of by-laws, and the indemnification and expense advancement provided by this Article VI shall not be limited by the absence of an

express recital of such circumstances. The indemnification and advancement of expenses provided by, or granted pursuant to, these By-laws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled, whether as a matter of law, under any provision of the Certification of Incorporation of the Corporation or these By-laws, by agreement, by vote of stockholders or disinterested directors of the Corporation or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 5. Indemnification Benefits. Indemnification pursuant to these By-laws shall inure to the benefit of the heirs, executors, administrators and personal representatives of those entitled to indemnification.

Section 6. Insurance and Trust Fund. In furtherance and not in limitation of the powers conferred by statute:

(1) the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is serving at the request of the corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his power to indemnify him against such liability under the provisions of law; and

(2) the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds, and/or other similar arrangements), as well as enter into contracts providing indemnification to the fullest extent permitted by law and including as part thereof provisions with respect to any or all of the foregoing, to ensure the payment of such amount as may become necessary to effect indemnification as provided therein, or elsewhere.

ARTICLE VII
Approval of Certain Corporate Action

Section 1. Mergers, Consolidations, Etc. The affirmative vote of at least a majority of the directors shall be required for the approval of any (i) merger, (ii) consolidation, (iii) restructuring, (iv) recapitalization, (v) issuance of Common Stock, (vi) sale of all or substantially all of the assets of, or a majority of the capital stock of, any "significant subsidiary" of the Corporation (as defined in Regulation S-X promulgated by the Securities and Exchange Commission), if any, (vii) repurchase by the Corporation of shares of capital stock or other securities of the Corporation, or (viii) sale, transfer or other conveyance of assets outside the ordinary course of business of the Corporation or any subsidiary.

Section 2. Agreements for the Payment of Fees. All agreements for consulting services, employment agreements, or other agreements for the payment of fees, in any case providing for payments by the Corporation in excess of $125,000, shall be subject to the express approval of the Board of Directors of the Corporation.

ARTICLE VIII
General Provisions

Section 1. Seal. The Corporation's seal shall be in such form as is required by law and as shall be approved by the Board of Directors.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 3. Voting Upon Shares Held by the Corporation. Unless otherwise provided by law or by the Board of Directors, the Chairman of the Board of Directors, if one shall be elected, or the President, if a Chairman of the Board of Directors shall not be elected, acting on behalf of the Corporation, shall have full power and authority to attend and to act and to vote at any meeting of stockholders of any corporation in which the Corporation may hold stock and, at any such meeting, shall possess and may exercise any and all of the rights and powers incident to the ownership of such stock which, as the owner thereof, the Corporation might have possessed and exercised, if present. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

Section 4. Checks, Drafts, Notes. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall from time to time be determined by resolution (whether general or special) of the Board of Directors or may be prescribed by any officer or officers, or any officer and agent jointly, thereunto duly authorized by the Board of Directors.

ARTICLE IX
Amendments

Section 1. By-laws. These By-laws may be adopted, amended or repealed by the Board of Directors, provided the conferral of such power on the Board shall not divest the stockholders of the power, or limit their power, to adopt, amend or repeal these By-laws.

EXECUTION

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CREDIT AGREEMENT

WRT ENERGY CORPORATION

and

ING (U.S.) CAPITAL CORPORATION

$15,000,000

July 10, 1997

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of July 10, 1997, by and between WRT Energy Corporation, a Delaware corporation (herein called "Borrower"), and ING (U.S.) Capital Corporation, a Delaware corporation (herein called "Lender"). In consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - Definitions and References

Section 1.1. Defined Terms. As used in this Agreement, each of the following terms has the meaning given it in this Section 1.1 or in the sections and subsections referred to below:

"Adjusted Base Rate" means the fluctuating rate of interest which is one and one-quarter percent (1.25%) above the Base Rate; provided that during the continuance of any Event of Default under Section 7.1(a) (regardless of whether or not notice thereof has been given to Borrower) or during the continuance of any other Event of Default of which written notice has been delivered to Borrower, the Adjusted Base Rate shall be the fluctuating rate of interest which is five and one-quarter percent (5.25%) above the Base Rate. The Adjusted Base Rate shall in no event, however, exceed the Highest Lawful Rate.

"Administrative Services Agreement" means that certain Administrative Services Agreement of even date herewith between Borrower and DLB.

"Affiliate" means, as to any Person, each other Person that directly or indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" means this Credit Agreement.

"Bankruptcy Case" means Old WRT's Chapter 11 case styled "In Re: WRT Energy Corporation, Debtor, Case No. 96BK-50212 (Chapter 11)" in the Bankruptcy Court.

"Bankruptcy Court" means the United States Bankruptcy Court for the Western District of Louisiana, Lafayette - Opelousas Division.

"Base Rate" means the fluctuating rate of interest which is the arithmetic average of the rates of interest publicly announced by The Chase Manhattan Bank, Citibank, N.A. and Morgan Guaranty Trust Company of New York (or their respective successors) as their respective prime commercial lending rates (or, as to any such bank that does not announce such a rate, such bank's 'base' or other rate determined by Lender to be the equivalent rate announced by such bank), except that, if any such bank shall, for any period, cease to announce publicly its prime commercial lending (or equivalent) rate, Lender shall, during such period, determine the "Base Rate" based upon the prime commercial lending (or equivalent) rates announced publicly by the other such banks.

"Base Rate Portion" means that portion of the unpaid principal balance of the Loan which is not made up of Fixed Rate Portions.

"Borrower" means WRT Energy Corporation, a Delaware corporation. Borrower is the successor by merger to Old WRT, and references herein to the properties, acts, liabilities, financial condition, etc. of Borrower at times prior to the date hereof refer to the properties, acts, liabilities, financial condition, etc. of Old WRT at such times.

"Business Day" means a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in New York, New York and in Houston, Texas. Any Business Day in any way relating to Fixed Rate Portions (such as the day on which an Interest Period begins or ends) must also be a day on which, in the judgment of Lender, significant transactions in dollars are carried out in the interbank eurocurrency market.

"Collateral" means all property of any kind which is subject to a Lien in favor of Lender or which, under the terms of any Security Document, is purported to be subject to such a Lien.

"Confirmation Order" means the order of the Bankruptcy Court entitled "Order Confirming Debtor's and DLBW's Second Amended Joint Plan of Reorganization," as entered on May 2, 1997 and filed on May 5, 1997 and as amended from time to time with the consent of Lender.

"Consolidated" refers to the consolidation of any Person, in accordance with GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"Debt" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be included pursuant to GAAP on a balance sheet of such Person.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Depository Institution" means Bank One, Oklahoma City, N.A.

"Disclosure Materials" means the Disclosure Statement, the Disclosure Schedule, and the Disclosure Reports.

"Disclosure Report" means either a notice given by Borrower under Section 5.1(d) or a certificate given by Borrower's chief financial officer under Section 5.1(b)(ii).

"Disclosure Schedule" means Schedule 1 hereto.

"Disclosure Statement" means Old WRT's and DLBW's Second Amended Disclosure Statement (including all schedules and exhibits thereto) dated March 11, 1997, in support of the Plan of Reorganization.

"DLB" means DLB Oil & Gas, Inc., an Oklahoma corporation.

"DLBW" means, collectively, DLB and Wexford Management LLC, acting on behalf of its affiliated investment funds.

"Engineering Report" means the Initial Engineering Report and each engineering report delivered pursuant to Section 5.1(b)(v) or 5.1(b)(vi).

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the

environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA Plan" means any employee pension benefit plan subject to Title IV of ERISA maintained by any Related Person or any Affiliate thereof with respect to which any Related Person has a fixed or contingent liability.

"Eurodollar Rate" means, with respect to each particular Fixed Rate Portion and the related Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) reported, on the date two Business Days prior to the first day of such Interest Period, on Telerate Access Service Page 3750 (British Bankers Association Settlement Rate) as the London Interbank Offered Rate for dollar deposits having a term comparable to such Interest Period and in an amount of $1,000,000 or more (or, if such Page shall cease to be publicly available or if the information contained on such Page, in Lender's sole judgment, shall cease to accurately reflect such London Interbank Offered Rate, the London Interbank Offered Rate as reported by any publicly available source of similar market data selected by Lender that, in Lender's sole judgment, accurately reflects such London Interbank Offered Rate).

"Event of Default" has the meaning given to such term in Section 7.1.

"Fiscal Quarter" means a three-month period ending on March 31, June 30, September 30, or December 31 of any year.

"Fiscal Year" means a twelve-month period ending on December 31 of any year.

"Fixed Rate" means, with respect to each particular Fixed Rate Portion and the associated Eurodollar Rate and Reserve Percentage, the rate per annum calculated by Lender (rounded upwards, if necessary, to the next higher 0.01%) determined on a daily basis pursuant to the following formula:

<TABLE>
<S> <C>
Fixed Rate =

$$\text{Fixed Rate} = \frac{\text{Eurodollar Rate}}{100.0\% - \text{Reserve Percentage}} + A$$

</TABLE>

where A equals three percent (3.0%) while no Event of Default is continuing and seven percent (7.0%) during the continuance of any Event of Default under Section 7.1(a) (regardless of whether or not notice thereof has been given to Borrower) or during the continuance of any other Event of Default of which written notice has been delivered to Borrower. If the Reserve Percentage changes during the Interest Period for a Fixed Rate Portion, Lender may, at its option, either change the Fixed Rate for such Fixed Rate Portion or leave it unchanged for the duration of such Interest Period. The Fixed Rate shall in no event, however, exceed the Highest Lawful Rate.

"Fixed Rate Portion" means any portion of the unpaid principal balance of the Loan which Borrower designates as such in a Rate Election.

"GAAP" means those generally accepted accounting principles and practices which are recognized as such by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of Borrower and its Consolidated subsidiaries, are applied for all periods after the date hereof in a manner consistent with the manner in which such principles and practices were applied to Old WRT's audited 1995 financial statements. If any change in any accounting principle or practice is required by the Financial Accounting Standards Board (or any such successor) in order for such principle or practice to continue as a generally accepted accounting principle or practice, all reports and financial statements required hereunder with respect to Borrower or with respect to Borrower and its Consolidated subsidiaries may be prepared in accordance with such change, but all calculations and determinations to be made hereunder may be made in accordance with such change only after notice of such change is given to Lender and Lender agrees to such change insofar as it affects the accounting of Borrower or of Borrower and its Consolidated subsidiaries.

"Guarantor" means any Person who has guaranteed some or all of the

Obligations pursuant to a guaranty listed on the Security Schedule or any other Person who has guaranteed some or all of the Obligations and who has been accepted by Lender as a Guarantor or any Subsidiary of Borrower which now or hereafter executes and delivers a guaranty to Lender pursuant to Section 6.5.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Highest Lawful Rate" means the maximum nonusurious rate of interest that Lender is permitted under applicable law to contract for, take, charge, or receive with respect to the Loan.

"Initial Engineering Report" means the engineering report concerning oil and gas properties of Borrower dated January 1, 1997, prepared by Netherland, Sewell & Associates.

"Initial Draft Financial Statements" means the draft annual Consolidated financial statements of Old WRT for the year ended December 31, 1996, together with the pro forma balance sheet included in the notes thereto (the "Initial Draft Pro Forma Balance Sheet").

"Interest Period" means, with respect to each particular Fixed Rate Portion, a period of 1, 2, or 3 months, as specified in the Rate Election applicable thereto, beginning on and including the date specified in such Rate Election (which must be

a Business Day), and ending on but not including the numerically corresponding day of the calendar month in which it ends (e.g., a period beginning on the third day of one month shall end on but not include the third day of another month), provided that each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (unless such next succeeding Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the immediately preceding Business Day) and that each Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month in which such Interest Period ends) shall end on the last Business Day of the last calendar month in such Interest Period. No Interest Period may be elected which would extend past the date on which the Note is due and payable in full.

"Lender" means ING (U.S.) Capital Corporation, and its successors and assigns.

"Lender's Bankruptcy Claim" means Lender's "Allowed Secured Claim" as described in the Plan of Reorganization, which Borrower and Lender hereby agree is in the following amount:

<TABLE>

<S>	*<C>*
principal and prepetition interest and expenses	*$15,367,257.56*
interest during the pendency of the Bankruptcy Case	*$ 2,088,625.80*
reimbursable fees, expenses and other amounts	*$ 625,706.86*
TOTAL of Lender's Bankruptcy Claim	*$18,081,590.22*

</TABLE>

"Lien" means, with respect to any property or assets, any right or interest therein of a creditor to secure Debt owed to him or any other arrangement with such creditor which provides for the payment of such Debt out of such property or assets or which allows him to have such Debt satisfied out of such property or assets prior to the general creditors of any owner thereof, including any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by law or agreement or otherwise, but excluding any right of offset which arises without agreement in the ordinary course of business. "Lien" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"Loan" has the meaning given to such term in Section 2.1.

"Loan Documents" means this Agreement, the Note, the Security Documents, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets, commitment letters, correspondence and similar documents used in the negotiation hereof).

"Maturity Date" means July 10, 1999.

"Note" has the meaning given to such term in Section 2.1.

"NPV" means, with respect to any Proved Developed Producing Reserves expected to be produced from the oil and gas properties owned by Borrower, the net present value, discounted at 10% per annum, of the future net revenues expected to accrue to Borrower's interests in such reserves during the remaining expected economic lives of such reserves. Each calculation of such expected future net revenues shall be made in accordance with the then existing standards of the Society of Petroleum Engineers, provided that in any event (a) the pricing assumptions will be based on the average of the prices on the New York Mercantile Exchange (or any successor organization), as reported in the Wall Street Journal for the date of calculation (or if such date is not a Business Day, for the first Business Day thereafter) under the twelve forward contracts which are listed therein as the first to mature after such date of calculation, without any escalation but with any necessary adjustment for quality and geographical differentiations based on the average price received by Borrower for crude oil, natural gas or other liquid or gaseous hydrocarbons of such kind during the three months preceding the date of calculation, and (b) appropriate deductions will be made for severance taxes, ad valorem taxes, operating, gathering, transportation and marketing costs required for the production and sale of such reserves, as determined based on Borrower's then current taxes and costs in accordance with the standard practices of Netherland, Sewell & Associates but in all cases without any escalation.

"Obligations" means all Debt from time to time owing by any of the Related Persons to Lender under or pursuant to any of the Loan Documents. "Obligation" means any part of the Obligations.

"Old WRT" means WRT Energy Corporation, a Texas corporation which is the debtor in the Bankruptcy Case.

"Permitted Investments" means investments:

(a) in open market commercial paper, maturing within 270 days after acquisition thereof, which has the highest or second highest credit rating given by either Rating Agency.

(b) in marketable obligations, maturing within 12 months after acquisition thereof, issued or unconditionally guaranteed by the United States of America or an

instrumentality or agency thereof and entitled to the full faith and credit of the United States of America.

(c) in mutual funds which invest solely in investments of the types referred to in subsections (a) and (b) of this definition.

(d) in demand deposits, and time deposits (including certificates of deposit and short term notes) maturing within 12 months from the date of deposit thereof, with (i) Lender, (ii) Depository Institution, or (iii) from the date hereof until and including August 10, 1997, any other commercial bank with which Old WRT was authorized to have deposits during the pendency of the Bankruptcy Case.

As used in the foregoing definition (and elsewhere herein), "Rating Agency" means either Standard & Poor's Ratings Group (a division of McGraw Hill, Inc.) or Moody's Investors Service, Inc., or their respective successors.

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, court or governmental unit or any agency or subdivision thereof, or any other legally recognizable entity.

"Plan of Reorganization" means Old WRT's and DLBW's Second Amended Joint Plan of Reorganization, as confirmed by the Confirmation Order and as amended from time to time with the consent of Lender.

"Prohibited Lien" means any Lien not expressly allowed under Section 5.2(b).

"Proved Developed Producing Reserves" means "Proved Reserves", as defined in the Definitions for Oil and Gas Reserves (the "Definitions")

promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question, which are categorized as both "Developed" and "Producing" in the Definitions.

"Rate Election" has the meaning given to such term in Section 2.4.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Related Persons" means Borrower, Old WRT, each Subsidiary of Borrower, if any, and each Guarantor, if any.

"Request for Loan" means a written request, made by Borrower which meets the requirements of Section 2.2.

"Reserve Percentage" means, on any day with respect to each particular Fixed Rate Portion, the maximum reserve requirement, as determined by Lender (including without limitation any basic, supplemental, marginal, emergency or similar reserves), expressed as a percentage and rounded to the next higher 0.01%, which would then apply under Regulation D with respect to "Eurocurrency liabilities" (as such term is defined in Regulation D) equal in amount to such Fixed Rate Portion. If such reserve requirement shall change after the date hereof, the Reserve Percentage shall be automatically increased or decreased, as the case may be, from time to time as of the effective time of each such change in such reserve requirement.

"Restricted Debt" of any Person means Debt in any of the following categories:

(a) Debt for borrowed money,

(b) Debt constituting an obligation to pay the deferred purchase price of property,

(c) Debt evidenced by a bond, debenture, note or similar instrument,

(d) Debt which (i) would under GAAP be shown on such Person's balance sheet as a liability, and (ii) is payable more than one year from the date of creation thereof (other than reserves for taxes and reserves for contingent obligations),

(e) Debt arising under futures contracts, swap contracts, or similar agreements (other than option contracts giving such Person the right - and not the duty - to buy or sell goods expected to be bought or sold by such Person in the ordinary course of its business, so long as such Person has no obligation other than the initial payment in full of the purchase price for the option),

(f) Debt constituting principal under leases capitalized in accordance with GAAP,

(g) Debt arising under conditional sales or other title retention agreements,

(h) Debt owing under direct or indirect guaranties of Debt of any other Person or constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Debt of any other Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase Debt, assets, goods, securities or services), including Debt owed by any other Person which is secured by a Lien on any property or assets of such specified Person, whether or not such specified Person has assumed or is otherwise personally liable therefor, but excluding

endorsements in the ordinary course of business of negotiable instruments in the course of collection,

(i) Debt (for example, repurchase agreements) consisting of an obligation to purchase securities or other property, if such Debt arises out of or in connection with the sale of the same or similar securities or property,

(j) Debt with respect to letters of credit or applications or reimbursement agreements therefor,

(k) Debt with respect to payments received in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment (including obligations under "take-or-pay" contracts

to deliver oil or gas in return for payments already received and the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment), or

(l) Debt with respect to other obligations to deliver goods or services in consideration of payments therefor made more than 60 days prior to the date on which such goods are or services are to be delivered,

provided, however, that the "Restricted Debt" of any Person shall not include Debt that was incurred by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Debt is outstanding more than 120 days after the incurrence thereof (provided that such Debt, if outstanding for more than such period, shall nonetheless not be considered Restricted Debt for such reason for so long as such Person is in good faith contesting the validity of such Debt by appropriate proceedings and has set aside on its books adequate reserves therefor).

"Security Documents" means the instruments listed in the Security Schedule and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, guaranties, financing statements, continuation statements, extension agreements and other agreements or instruments now, heretofore, or hereafter delivered by any Related Person to Lender in connection with this Agreement or any transaction contemplated hereby to secure or guarantee the payment of any part of the Obligations or the performance of any Related Person's other duties and obligations under the Loan Documents.

"Security Schedule" means Schedule 2 hereto.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, joint venture, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person,

provided that associations, joint ventures or other relationships (a) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (b) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state law, and (c) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(b)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(b) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any Related Person or of any Affiliate of any Related Person from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Texaco Security Agreements" means that certain Security Agreement and Assignment of Production Proceeds dated March 11, 1997 between DLB and Texaco Exploration and Production, Inc., that certain Escrow Agreement dated the same date among the same parties and The Chase Manhattan Bank, and that certain Security Agreement and Assignment of Production Proceeds dated as of July 10, 1997, between Texaco Exploration and Production, Inc. and Borrower.

Section 1.2. Exhibits and Schedules; Additional Definitions. All Exhibits and Schedules attached to this Agreement are a part hereof for all purposes. Reference is hereby made to the Security Schedule for the meaning of certain terms defined therein and used but not defined herein, which definitions are incorporated herein by reference.

Section 1.3. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement.

Section 1.4. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 1.5. Calculations and Determinations. All calculations under the Loan Documents of fees and of interest shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. Each determination by Lender of amounts to be paid under Sections 2.10 through 2.14 or any other matters which are to be determined hereunder by Lender (such as any Eurodollar Rate, Fixed Rate, Business Day, Interest Period, or Reserve Percentage) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Lender otherwise consents all financial statements and reports furnished to Lender hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with GAAP.

ARTICLE II - The Loan

Section 2.1. Making the Loan. Subject to the terms and conditions hereof, Lender agrees to make a single advance to Borrower on or before July 11, 1997, in the amount of $15,000,000. The obligation of Borrower to repay to Lender the amount of such advance (herein called the "Loan"), together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called the "Note") made by Borrower payable to the order of Lender in the form of Exhibit A with appropriate insertions. Interest on the Note shall accrue and be due and payable as provided herein and therein.

Section 2.2. Requesting the Loan. Before the Loan is made Borrower must give Lender a written request therefor in the form and substance of the "Request for Loan" attached hereto as Exhibit B, duly completed. If all conditions precedent to the Loan have been met, Lender will on the date requested make the

Loan available to Borrower in immediately available funds in New York, New York.

Section 2.3. Use of Proceeds. Borrower shall use all funds from the Loan to repay a portion of Lender's Bankruptcy Claim. In no event shall the funds from the Loan be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" or any "margin securities" (as such terms are defined respectively in Regulation U and Regulation G promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock or margin securities. Borrower represents and warrants to Lender that Borrower is not engaged principally, or as one of Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock or margin securities.

Section 2.4. Rate Elections. Borrower may from time to time designate all or any portion of the Loan (excluding any portion of the Loan which is required to be repaid prior to the end of the designated Interest Period) as a Fixed Rate Portion; provided that without the consent of Lender Borrower may make no such election during the continuance of a Default and that Borrower may make such an election with respect to an already existing Fixed Rate Portion only if such election will take effect at or after the termination of the Interest Period applicable to such already existing Fixed Rate Portion. Each election by Borrower of a Fixed Rate Portion shall:

(a) Be made in writing in the form and substance of the "Rate Election" attached hereto as Exhibit C, duly completed;

(b) Specify the amount of the Loan which Borrower desires to designate as a Fixed Rate Portion, the first day of the Interest

Period which is to apply thereto, and the length of such Interest Period; and

(c) Be received by Lender not later than 10:00 a.m., New York, New York time, on the third Business Day preceding the first day of the specified Interest Period.

Each election which meets the requirements of this section (herein called a "Rate Election") shall be irrevocable. Borrower may make no Rate Election which does not specify an Interest Period complying with the definition of "Interest Period" in Section 1.1, and the amount of the Fixed Rate Portion elected in any Rate Election must $1,000,000 or more and be an integral multiple of $100,000. Upon the termination of each Interest Period the portion of the Loan theretofore constituting the related Fixed Rate Portion shall, unless the subject of a new Rate Election then taking effect, automatically become a part of

the Base Rate Portion and become subject to all provisions of the Loan Documents governing the Base Rate Portion. Borrower shall have no more than three (3) Fixed Rate Portions in effect at any time.

Section 2.5. Fees.

(a) Initial Commitment Fees. In consideration of Lender's commitment to make the Loan which was given to DLB under a commitment letter dated March 15, 1997, Borrower will on the date hereof pay to Lender a facility commitment fee in the amount of $93,750, which fee represents the remaining $93,750 of the $187,500 fee referred to in such letter.

(b) Delayed Commitment Fees. In further consideration of Lender's commitment to make the Loan, Borrower will pay to Lender two delayed commitment fees in the amount of $100,000 each, payable on December 31, 1997 and December 31, 1998 respectively (or, if earlier, on the date on which the Loan is paid in full).

Section 2.6. Optional Prepayments. Borrower may, upon one (1) Business Day's notice to Lender, from time to time and without premium or penalty prepay the Note, in whole or in part, so long as each partial prepayment of principal on the Note is greater than or equal to $100,000, so long as any prepayment in full is accompanied by the fees described in the preceding Section 2.5(b), and so long as any prepayment of any Fixed Rate Portion is accompanied by all reimbursement amounts payable pursuant to Section 2.13. Each partial prepayment of principal shall be applied to the regular installments of principal due under the Note in the inverse order of their maturities. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

Section 2.7. Mandatory Prepayments. Borrower shall immediately prepay the Loan in the amount of any cash proceeds, (net of expenses) hereafter received by Borrower, directly or indirectly, from (a) the sale, assignment or other disposition of any Collateral (other than produced oil, gas and other hydrocarbons sold in the ordinary course of business) or (b) the issuance of additional common or preferred stock of Borrower or warrants or other rights to acquire such stock (other than the common stock of Borrower issued in accordance with the terms of the Plan of Reorganization). Each partial prepayment of principal shall be applied to the regular installments of principal due under the Note in the inverse order of their maturity. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents

at the time of such prepayment. This section does not constitute a waiver of any requirement in the Loan Documents that Lender's consent must be obtained in order to sell, assign, dispose of or issue any Collateral, stock, warrants or other rights.

Section 2.8. Regular Payments. On the last Business Day of September, 1998, December, 1998, and March, 1999, Borrower will, in addition to paying any interest then due on the Loan, make a principal payment in the amount of $1,000,000. Any remaining principal owing on the Note will be due and payable in full on the Maturity Date.

Section 2.9. Payments to Lender. Borrower will make each payment which it owes under the Loan Documents not later than 1:00 p.m., New York, New York time, on the date such payment becomes due and payable, in lawful money of

the United States of America, without set-off, deduction or counterclaim, and in immediately available funds wired to such bank account in New York City as Lender may from time to time designate. Any payment received by Lender after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Loan Document under which such payment is due. Each payment under a Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment specified in the Note. When Lender collects or receives money on account of the Obligations which is insufficient to pay all Obligations then due and payable, Lender may apply such money as it elects to the various Obligations which are then due and payable.

Section 2.10. Capital Reimbursement. If after the date hereof (a) any law, rule or regulation (or any interpretation thereof by any central bank or other governmental authority) is introduced, implemented or changed, or (b) any central bank or other governmental authority introduces or implements or demands compliance with any request, directive or guideline (whether or not having the force of law), and the result thereof is to affect the amount of capital required or expected to be maintained by Lender or any corporation controlling Lender, then, upon demand by Lender, Borrower will pay to Lender, from time to time as specified by Lender, such additional amount or amounts which Lender shall determine to be appropriate to compensate Lender or any corporation controlling Lender in light of such circumstances, to the extent that Lender reasonably determines that the amount of any such capital would be increased or the rate of return on any such capital would be reduced by or in whole or in part based on the existence of the face amount of Lender's Loan or commitments under this Agreement.

Section 2.11. Increased Cost of Fixed Rate Portions. If any applicable domestic or foreign law, treaty, rule or regulation (whether now in effect or hereinafter enacted or promulgated, including Regulation D) or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law):

(a) shall change the basis of taxation of payments to Lender of any principal, interest, or other amounts attributable to any Fixed Rate Portion or otherwise due under this Agreement in respect of any Fixed Rate Portion (other than taxes imposed on the overall net income of Lender or any lending office of Lender by any jurisdiction in which Lender or any such lending office is located); or

(b) shall change, impose, modify, apply or deem applicable any reserve, special deposit or similar requirements in respect of any Fixed Rate Portion (excluding those for which Lender is fully compensated pursuant to adjustments made in the definition of Fixed Rate) or against assets of, deposits with or for the account of, or credit extended by, Lender; or

(c) shall impose on Lender or the interbank eurocurrency deposit market any other condition affecting any Fixed Rate Portion (other than a condition referred to in Section 2.10), the result of which is to increase the cost to Lender of funding or maintaining any Fixed Rate Portion or to reduce the amount of any sum receivable by Lender in respect of any Fixed Rate Portion by an amount deemed by Lender to be material,

then Lender shall promptly notify Borrower in writing of the happening of such event and of the amount required to compensate Lender for such event (on an after-tax basis, taking into account any taxes on such compensation), whereupon (i) Borrower shall pay such amount to Lender and (ii) Borrower may elect, by giving to Lender not less than three Business Days' notice, to convert all (but not less than all) of any such Fixed Rate Portion into a part of the Base Rate Portion.

Section 2.12. Availability. If (a) any change in applicable laws, treaties, rules or regulations or in the interpretation or administration thereof of or in any jurisdiction whatsoever, domestic or foreign, shall make it unlawful or impracticable for Lender to fund or maintain Fixed Rate Portions, or shall materially restrict the authority of Lender to purchase or take offshore deposits of dollars (i.e., "eurodollars"), or (b) Lender determines that matching deposits appropriate to fund or maintain any Fixed Rate Portion are not available to it, or (c) Lender determines that the formula for calculating the Adjusted Eurodollar Rate does not fairly reflect the cost to Lender of making or maintaining loans based on such rate, then Borrower's right to elect Fixed Rate Portions shall be

suspended to the extent and for the duration of such illegality, impracticability or restriction and all Fixed Rate Portions (or portions thereof) which are then outstanding or are then the subject of any Rate Election and which cannot lawfully or practicably be maintained or funded shall immediately become or remain part of the Base Rate Portion. Borrower agrees to indemnify Lender and hold it harmless against all costs, expenses, claims, penalties, liabilities and damages which may result from any such change in law, treaty, rule, regulation, interpretation or administration to the extent the same are incurred as a result of or in connection with any Fixed Rate Portion. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

Section 2.13. Funding Losses. In addition to its other obligations hereunder, Borrower will indemnify Lender against, and reimburse Lender on demand for, any loss or expense incurred or sustained by Lender (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by Lender to fund or maintain Fixed Rate Portions or the Loan), as a result of (a) any payment or prepayment (whether authorized or required hereunder or otherwise) of all or a portion of a Fixed Rate Portion on a day other than the day on which the applicable Interest Period ends, (b) any payment or prepayment, whether required hereunder or otherwise, of the Loan made after the delivery, but before the effective date, of a Rate Election, if such payment or prepayment prevents such Rate Election from becoming fully effective, (c) the failure of the Loan to be made or of any Rate Election to become effective due to any condition precedent not being satisfied or due to any other action or inaction of any Related Person, or (d) any conversion (whether authorized or required hereunder or otherwise) of all or any portion of any Fixed Rate Portion into the Base Rate Portion or into a different Fixed Rate Portion on a day other than the day on which the applicable Interest Period ends. Such indemnification shall be on an after-tax basis, taking into account any taxes imposed on the amounts paid as indemnity.

Section 2.14. Reimbursable Taxes. Borrower covenants and agrees that:

(a) Borrower will indemnify Lender against and reimburse Lender for all present and future income, stamp and other taxes, levies, costs and charges whatsoever imposed, assessed, levied or collected on or in respect of this Agreement or any Fixed Rate Portions (whether or not legally or correctly imposed, assessed, levied or collected), excluding, however, any taxes imposed on or measured by the overall net income of Lender or any lending office of Lender by any jurisdiction in which Lender or any such lending office is located (all such non-excluded taxes, levies, costs and charges being collectively called "Reimbursable Taxes" in this section). Such indemnification shall be on an after-tax

basis, taking into account any taxes imposed on the amounts paid as indemnity.

(b) All payments on account of the principal of, and interest on, the Loan and the Note, and all other amounts payable by Borrower to Lender hereunder, shall be made in full without set-off or counterclaim and shall be made free and clear of and without deductions or withholdings of any nature by reason of any Reimbursable Taxes, all of which will be for the account of Borrower. In the event of Borrower being compelled by law or other regulations to make any such deduction or withholding from any payment to Lender, Borrower shall pay on the due date of such payment, by way of additional interest, such additional amounts as are needed to cause the amount receivable by Lender after such deduction or withholding to equal the amount which would have been receivable in the absence of such deduction or withholding. If Borrower should make any deduction or withholding as aforesaid, Borrower shall within 60 days thereafter forward to Lender an official receipt or other official document evidencing payment of such deduction or withholding.

(c) If Borrower is ever required to pay any Reimbursable Tax with respect to any Fixed Rate Portion Borrower may elect, by giving to Lender not less than three Business Days' notice, to convert all (but not less than all) of any such Fixed Rate Portion into a part of the Base Rate Portion, but such election shall not diminish Borrower's obligation to pay all Reimbursable Taxes.

ARTICLE III - Conditions Precedent to Lending

Section 3.1. Documents to be Delivered. Lender has no obligation to make the Loan unless Lender shall have received all of the following, at Lender's office in New York, New York, duly executed and delivered and in form, substance and date satisfactory to Lender:

(a) The Note.

(b) An "Omnibus Certificate" of both the Secretary (or

Assistant Secretary) and the Chairman of the Board (or President) of Borrower, which shall contain the names and signatures of the officers of Borrower authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: (i) a copy of resolutions duly adopted by the Board of Directors of Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (ii) a copy of the charter documents of Borrower and all amendments thereto, certified

by the Secretary of State of Delaware, and (iii) a copy of the by-laws of Borrower.

(c) A long-form good standing certificate (or certificates) of Borrower, issued by the Secretary of State of the State of Delaware.

(d) A "Compliance Certificate" of the Chairman of the Board (or President) and of the chief financial officer of Borrower, of even date with the Loan, in which such officers certify to the satisfaction of the conditions set out in subsections (f), (g), (h) and (i) of Section 3.2.

(e) Favorable opinions of counsel for Borrower and DLB and of their special Louisiana counsel.

(f) Each Security Document listed in the Security Schedule.

(g) Certificates of Borrower's good standing and due qualification to do business, issued by appropriate officials in Louisiana and Texas.

(h) Title opinions in form, substance and authorship satisfactory to Lender, concerning not less than ninety (90%) of the aggregate value of the oil and gas properties of Borrower.

(i) A favorable report of J.H. Blades & Co., Inc. regarding their assessment of the insurance maintained by the Related Persons, in scope and results acceptable to Lender and confirming, among other matters, that Borrower has obtained the insurance coverages set out in Schedule 3.

(j) A favorable report of Pilko & Associates regarding their environmental assessment of the material properties of the Related Persons, in scope and results acceptable to Lender.

(k) The Administrative Services Agreement.

(l) An Acknowledgment executed by Depository Institution acknowledging Lender's Lien on all deposit accounts of Borrower and waiving any rights of offset or other claims Depository Institution may have against such deposit accounts.

Section 3.2. Additional Conditions Precedent. Lender has no obligation to make the Loan unless the following conditions precedent are satisfied at the time the Loan is made:

(a) Borrower shall have paid to Lender, in good and immediately available funds, all of Lender's Bankruptcy Claim and the fee owing under Section 2.5(a), and Borrower shall have paid to Lender's counsel, in good and immediately

available funds, estimated legal fees in the amount of $72,250 which are owing under Section 5.2(i).

(b) The Confirmation Order shall have become final and non-appealable.

(c) At least $13,300,000 in cash from the "Rights Offering" referred to in the Plan of Reorganization shall have been applied to expenses of DLB which are authorized under the Commitment Agreement (as defined in the Plan of Reorganization) and the Plan of Reorganization or deposited with Disbursing Agent (as defined in the Plan of Reorganization) to be distributed as described in the Plan of Reorganization.

(d) All conditions precedent to the effectiveness of the

Plan of Reorganization shall be met (without giving effect to any waivers or amendments of such conditions made without the consent of Lender).

(e) DLB shall have contributed to Borrower, as an equity contribution, all of DLB's interests in the West Cote Blanche Bay Field which DLB acquired from Texaco Exploration and Production, Inc. ("TEPI") pursuant to that certain Assignment, Conveyance and Bill of Sale dated March 11, 1997, effective January 1, 1997 between DLB and TEPI, and Borrower shall have become the operator of the West Cote Blanche Bay Field.

(f) All representations and warranties made by any Related Person in any Loan Document shall be true on and as of the date of the Loan (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of the Loan.

(g) No Default shall exist at the date of the Loan.

(h) The description in the Initial Draft Financial Statements of Borrower's financial condition, operations and properties shall be true and correct in all material respects as of the date of the Initial Draft Financial Statements, subject to final auditor's adjustments, and no material adverse change shall have occurred to Borrower's financial condition, operations or properties since such date.

(i) Each Related Person shall have performed and complied with all agreements and conditions required in the Loan Documents to be performed or complied with by it on or prior to the date of the Loan.

(j) The making of the Loan shall not be prohibited by any law or any regulation or order of any court or

governmental agency or authority and shall not subject Lender to any penalty or other onerous condition under or pursuant to any such law, regulation or order.

(k) Lender shall have received all documents and instruments which Lender has then requested, in addition to those described in Section 3.1 (including opinions of legal counsel for the Related Persons; corporate documents and records; documents evidencing governmental authorizations, consents, approvals, licenses and exemptions; and certificates of public officials and of officers and representatives of Borrower and other Persons), as to (i) the accuracy and validity of or compliance with all representations, warranties and covenants made by any of the Related Persons in this Agreement and the other Loan Documents, (ii) the satisfaction of all conditions contained herein or therein, and (iii) all other matters pertaining hereto and thereto. All such additional documents and instruments shall be reasonably satisfactory to Lender in form, substance and date.

(l) All legal matters relating to the Loan Documents and the consummation of the transactions contemplated thereby shall be reasonably satisfactory to Thompson & Knight, P.C., counsel to Lender.

ARTICLE IV - Representations and Warranties

Section 4.1. Borrower's Representations and Warranties. To confirm Lender's understanding concerning Borrower and Borrower's business, properties and obligations and to induce Lender to enter into this Agreement and to make the Loan, Borrower represents and warrants to Lender that:

(a) No Default. Borrower is not in default in the performance of any of the covenants and agreements contained herein. No event has occurred and is continuing which constitutes a Default.

(b) Organization and Good Standing. Each Related Person which is a corporation or partnership is duly organized, validly existing and in good standing under the laws of its state of organization, having all corporate or partnership powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each such Related Person is duly qualified, in good standing, and authorized to do business in all other jurisdictions within the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where the failure to obtain such qualification would not have a material adverse effect on Borrower. Each such Related Person has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction

outside the United States wherein the

character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures necessary and where failure to take such actions and follow such procedures would have a material adverse effect upon Borrower individually or on a Consolidated basis.

(c) Authorization. Each Related Person which is a corporation or partnership has duly taken all corporate or partnership action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Borrower is duly authorized to borrow funds hereunder.

(d) No Conflicts or Consents. The execution and delivery by the various Related Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not (i) conflict with any provision of (1) any domestic or (to Borrower's knowledge) any foreign law, statute, rule or regulation, (2) the articles or certificate of incorporation, bylaws, charter, or partnership agreement or certificate of any Related Person, or (3) any agreement, judgment, license, order or permit applicable to or binding upon any Related Person, (ii) result in the acceleration of any Debt owed by any Related Person, or (iii) result in or require the creation of any Lien upon any assets or properties of any Related Person except as expressly contemplated in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any court or governmental authority or third party (other than the Confirmation Order, which has been entered) is required in connection with the execution, delivery or performance by any Related Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents.

(e) Enforceable Obligations. This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Related Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights or by general equitable principles.

(f) Initial Draft Financial Statements. The Initial Draft Financial Statements fairly present Borrower's Consolidated financial position at December 31, 1996 and the Consolidated results of Borrower's operations and Borrower's Consolidated cash flows for the year then ended, subject to final auditor's adjustments. Except for matters described in the Disclosure Schedule, matters beneficial to Borrower, and immaterial matters, the Initial Draft Pro Forma Balance Sheet is a fair summary of Borrower's financial position after giving effect to the

consummation of the Plan of Reorganization. The description in the Initial Draft Financial Statements of Borrower's financial condition, operations and properties is true and correct in all material respects as of the date of the Initial Draft Financial Statements, and no material adverse change has occurred to Borrower's financial condition, operations or properties since such date.

(g) Other Obligations and Restrictions. No Related Person has any outstanding Debt of any kind other than the Obligations (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which has been incurred outside of the ordinary course of business and is, in the aggregate, material to Borrower or material with respect to Borrower's Consolidated financial condition and not shown in the Disclosure Materials. Except as shown in the Disclosure Materials, no Related Person is subject to or restricted by any franchise, contract, deed, charter restriction, or other instrument or restriction which is likely in the foreseeable future to materially and adversely affect the businesses, properties, prospects, operations, or financial condition of Borrower individually or on a Consolidated basis. After giving effect to all payments pursuant to the Plan of Reorganization by Borrower on or before the date hereof of all claims which constitute "Allowed Claims" under (and as defined in) the Plan of Reorganization on the date hereof and after giving effect to all discharges of claims provided to Borrower under the Plan of Reorganization:

(i) the amount of all cash payments (excluding future interest on Allowed Claims for taxes) to be made by Borrower pursuant to the Plan of Reorganization on account of such "Allowed Claims" which remains to be paid after the date hereof is not greater than $2,075,000, and such "Allowed Claims" are listed in Section 4.1(g) of the Disclosure Schedule.

(ii) Except for the "Disputed Claim" of Tricore Energy Venture, L.P. (the maximum amount of which is described in the Disclosure Schedule) and the "Disputed Claim" of LLOG Exploration Company (which is described in the Disclosure Schedule), Borrower's maximum liability to make cash payments with respect to any "Disputed Claims" in the Bankruptcy Case does not exceed $3,700,000, and Borrower has at least $1,450,000 on deposit on the date hereof in various "Disputed Claims Reserve Accounts" under the Plan of Reorganization which are available to pay such "Disputed Claims". All "Disputed Claims" that may be entitled to receive a cash distribution on account of such "Disputed Claims" (including those "Disputed Claims" to be paid from the "Disputed Claims Reserve Accounts") are listed in Section 4.1(g) of the Disclosure Schedule. Except for transfers of equity interests in Borrower or in the "Litigation Entity" referred to in the Plan of Reorganization, there are no "Disputed Claims" which are

required to be paid by any means other than in cash (provided that if Tricore Energy Venture, L.P. has a secured claim that is allowed by the Bankruptcy Court, such claim may with Lender's consent be satisfied by the conveyance of the collateral securing such claim).

(h) Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Related Person to Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any Related Person (other than industry-wide risks normally associated with the types of businesses conducted by the Related Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made. There is no fact known to any Related Person (other than industry-wide risks normally associated with the types of businesses conducted by the Related Persons) that has not been disclosed to Lender in writing which could materially and adversely affect Borrower's properties, business, prospects or condition (financial or otherwise) or Borrower's Consolidated properties, businesses, prospects or condition (financial or otherwise). There are no statements or conclusions in any Engineering Report which are based upon or include misleading information or fail to take into account material information regarding the matters reported therein, it being understood that each Engineering Report is necessarily based upon professional opinions, estimates and projections and that Borrower does not warrant that such opinions, estimates and projections will ultimately prove to have been accurate. Borrower has heretofore delivered to Lender true, correct and complete copies of the Initial Engineering Report.

(i) Litigation. Except as disclosed in the Disclosure Materials: (i) there are no actions, suits or legal, equitable, arbitrative or administrative proceedings pending, or to the knowledge of any Related Person threatened, against any Related Person before any federal, state, municipal or other court, department, commission, body, board, bureau, agency, or instrumentality, domestic or foreign, which do or may materially and adversely affect Borrower or, on a Consolidated basis, Borrower and its properly Consolidated subsidiaries, their ownership or use of any of their assets or properties, their businesses or financial condition or prospects, or the right or ability of any Related Person to enter into the Loan Documents to which it is a party or to consummate the transactions contemplated thereby or to perform its obligations thereunder and (ii) there are no outstanding judgments, injunctions, writs, rulings or orders by any such governmental entity against any Related Person or, to Borrower's knowledge, against any Related Person's stockholders, partners, directors or officers which have or have a material probability of having any such effect. The Disclosure Schedule lists all appeals taken from any portion of the Confirmation Order, any stays granted to the effectiveness of any part of the Confirmation Order, and the maximum amounts

Borrower might be required to pay in connection with such appeals or stays.

(j) ERISA Liabilities. All currently existing ERISA Plans are listed in the Disclosure Materials. Except as disclosed in the Disclosure Materials, no Termination Event has occurred with respect to any ERISA Plan and the Related Persons are in compliance with ERISA in all material respects. No Related Person is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure Materials: (i) no "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and (ii) the current value of each ERISA Plan's benefits does not exceed the current value of such ERISA Plan's assets available for the payment of such

benefits by more than $500,000.

(k) Environmental and Other Laws. As used in this subsection: "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, "CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System List of the Environmental Protection Agency, and "Release" has the meaning given such term in 42 U.S.C. Section 9601(22). Except as set forth in the Disclosure Materials:

(i) The Related Persons are conducting their businesses in material compliance with all applicable federal, state and local laws, including Environmental Laws, and have all permits, licenses and authorizations required in connection with the conduct of their businesses. Each Related Person is in compliance with the terms and conditions of all such permits, licenses and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply would not have a material adverse effect on the financial condition, operations, business or prospects of any Related Person.

(ii) No notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed, and no investigation or review is pending or threatened by any governmental agency or entity or any other Person with respect to (1) any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials, either by any Related Person or on any property owned by any Related Person, (2) any material

remedial action which might be needed to respond to any such alleged generation, treatment, storage, recycling, transportation, disposal, or Release, or (3) any alleged failure by any Related Person to have any permit, license or authorization required in connection with the conduct of its business or with respect to any such generation, treatment, storage, recycling, transportation, disposal, or Release.

(iii) No Related Person otherwise has any known material contingent liability in connection with any alleged generation, treatment, storage, recycling, transportation, disposal, or Release of any Hazardous Materials.

(iv) No Related Person has handled any Hazardous Materials, other than as a generator, on any properties now or previously owned or leased by any Related Person to an extent that such handling has, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, business or prospects of any Related Person; and

(1) no PCBs are or have been present at any properties now or previously owned or leased by any Related Person;

(2) no asbestos is or has been present at any properties now or previously owned or leased by any Related Person;

(3) there are no underground storage tanks for Hazardous Materials, active or abandoned, at any properties now or previously owned or leased by any Related Person;

(4) no Hazardous Materials have been Released, in a reportable quantity, where such a quantity has been established by statute, ordinance, rule, regulation or order, at, on or under any properties now or previously owned or leased by any Related Person;

(5) no Hazardous Materials have been otherwise Released at, on or under any properties now or previously owned or leased by any Related Person to an extent that such release has, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, business or prospects of any Related Person.

(v) No Related Person has transported or arranged for the transportation of any Hazardous Material to any location which is listed on the National Priorities List under CERCLA, listed for possible inclusion on the National Priorities List by the Environmental Protection Agency in CERCLIS, or listed on any similar

state list or which is the

subject of federal, state or local enforcement actions or other investigations which may lead to claims against any Related Person for clean-up costs, remedial work, damages to natural resources or for personal injury claims, including, but not limited to, claims under CERCLA.

(vi) No Hazardous Material generated by any Related Person has been recycled, treated, stored, disposed of or released by any Related Person at any location other than those listed in Disclosure Materials other than disposal, in full compliance with Environmental Laws, of oil field wastes which do not constitute "hazardous substances" under CERCLA.

(vii) No oral or written notification of a Release of a Hazardous Material has been filed by or on behalf of any Related Person (and to the best knowledge of Borrower, no such notification has been filed with respect to any Related Person by any other Person), and no property now or previously owned or leased by any Related Person is listed or proposed for listing on the National Priority list promulgated pursuant to CERCLA, in CERCLIS, or on any similar state list of sites requiring investigation or clean-up.

(viii) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by any Related Person, and no government actions have been taken or are in process which could subject any of such properties to such Liens; nor would any Related Person be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(ix) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of any Related Person in relation to any properties or facility now or previously owned or leased by any Related Person which have not been made available to Lender.

(l) Names and Places of Business. Borrower has not, during the preceding five years, had, been known by, or used any other corporate, trade, or fictitious name, except as disclosed in the Disclosure Schedule. Except as otherwise indicated in the Disclosure Schedule or a Disclosure Report, the chief executive office and principal place of business of Borrower and each of its Subsidiaries are (and for the preceding five years have been) located at the address of Borrower set out in Section 8.3 or (if different) the address of each such Related Person set out in the Disclosure Schedule. Except as indicated in the Disclosure Schedule or a Disclosure Report, no Related Person has any other office or place of business.

(m) Borrower's Subsidiaries. Borrower does not presently have any Subsidiary or own any stock in any other corporation or association. Old WRT's previous subsidiary, WRT Technology Corporation, has been dissolved. Borrower in not a member of any general or limited partnership, joint venture or association of any type whatsoever except those listed in the Disclosure Schedule or a Disclosure Report and associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties and interests owned directly by the parties in such associations, joint ventures or relationships.

(n) Title to Properties. Borrower is making various representations and warranties in the Mortgage concerning its title to the properties subject thereto.

(o) Government Regulation. Neither Borrower nor any other Related Person owing Obligations is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other statute, law, regulation or decree which regulates the incurring by such Person of Debt, including statutes, laws, regulations or decrees relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services but excluding federal and state securities laws of general application which do not restrict in any way the incurrence of the Obligations by the Related Persons.

Section 4.2. Representation by Lender. Lender hereby represents that

it will acquire the Note for its own account in the ordinary course of its commercial lending business; however, the disposition of Lender's property shall at all times be and remain within its control and, in particular and without limitation, Lender may sell or otherwise transfer the Note, any participation interest or other interest in the Note, or any of its other rights and obligations under the Loan Documents.

ARTICLE V - Covenants of Borrower

Section 5.1. Affirmative Covenants. To conform with the terms and conditions under which Lender is willing to have credit outstanding to Borrower, and to induce Lender to enter into this Agreement and make the Loan, Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Lender has previously agreed otherwise:

(a) Payment and Performance. Borrower will pay all amounts due under the Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the Loan Documents. Borrower will cause all other Related Persons to observe, perform and comply with every such term, covenant and condition.

(b) Books, Financial Statements and Reports. Each Related Person will at all times maintain full and accurate books of account and records. Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting and will furnish the following statements and reports to Lender at Borrower's expense:

(i) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated financial statements of Borrower together with all notes thereto, prepared in reasonable detail in accordance with GAAP, together with an opinion, based on an audit using generally accepted auditing standards, by KPMG Peat Marwick or other independent certified public accountants selected by Borrower and reasonably acceptable to Lender, stating that such Consolidated financial statements have been so prepared. These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year Borrower will furnish a report signed by such accountants stating that they have read this Agreement, containing calculations showing compliance (or non-compliance) at the end of such Fiscal Year with the requirements of Sections 5.2(l), (m) and (n) and further stating that in making the examination and reporting on the Consolidated financial statements described above they did not conclude that any Default existed at the end of such Fiscal Year or at the time of their report, or, if they did conclude that a Default existed, specifying its nature and period of existence.

(ii) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter commencing with the Fiscal Quarter ending September 30, 1997: (1) Borrower's Consolidated balance sheet as of the end of such Fiscal Quarter and Consolidated statements of Borrower's earnings and cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter and (2) Borrower's and each of its Subsidiaries' individual balance sheet as of the end of such Fiscal Quarter and individual statements of Borrower's and each of its Subsidiaries' earnings for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in

accordance with GAAP, subject to changes resulting from normal year-end adjustments. In addition Borrower will, together with each such set of financial statements and each set of financial statements furnished under subsection (b)(i) of this section, furnish a certificate in the form of Exhibit D signed by the chief financial officer of Borrower stating that such financial statements are accurate and complete in all material respects, stating that he has reviewed the Loan Documents, containing calculations showing compliance (or non-compliance) at the end of such Fiscal Quarter with the requirements of Sections 5.2(l), (m) and (n), and stating that no Default exists at the end of such Fiscal Quarter or at the time of such certificate or specifying the nature and period of existence of any such Default. Each certificate delivered with respect to the

Fiscal Year ending December 31, 1997, shall also set forth a comparison of the financial statements to the projections in the Disclosure Statement and an explanation of any differences between the financial statements and such projection. Each certificate delivered with respect to any Fiscal Year ending after December 31, 1997, shall set forth a comparison of the financial statements to the business and financial plan furnished under subsection (b)(iv) of this section for such Fiscal Year and an explanation of any differences between the financial statements and such business and financial plan.

(iii) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by any Related Person to its stockholders and all registration statements, periodic reports and other statements and schedules filed by any Related Person with any securities exchange, the Securities and Exchange Commission or any similar governmental authority.

(iv) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Year, a business and financial plan for Borrower (in form reasonably satisfactory to Lender), prepared by a senior financial officer of Borrower and setting forth yearly financial projections and budgets. Borrower will also deliver to Lender, as soon as available, any material amendments or supplements to such business and financial plans during any Fiscal Year.

(v) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, an engineering report dated as of December 31 of such Fiscal Year prepared by Netherland, Sewell & Associates or other independent petroleum engineers chosen by Borrower and reasonably acceptable to Lender, concerning all oil and gas properties and interests owned by any Related Person which have attributable to them proved oil or gas reserves. This report shall be in form and substance reasonably satisfactory to Lender, shall contain sufficient information

to enable Borrower to meet the reporting requirements concerning oil and gas reserves contained in Regulations S-K and S-X promulgated by the Securities and Exchange Commission, shall take into account any "over-produced" status under gas balancing arrangements, and shall contain information and analysis comparable in scope to that contained in the Initial Engineering Report. This report shall distinguish (or shall be delivered together with a certificate from an appropriate officer of Borrower which distinguishes) those properties treated in the report which are Collateral from those properties treated in the report which are not Collateral.

(vi) As soon as available, and in any event within forty-five days after the end of the second Fiscal Quarter of each Fiscal Year, an engineering report dated as of June 30 of such Fiscal Year, prepared by in-house petroleum engineers employed by Borrower, concerning all oil and gas properties owned by any Related Person which have attributable to them proved oil or gas reserves. This report shall be substantially in the form and substance as the report delivered under Section 5.1(b)(v) and otherwise be reasonably satisfactory to Lender.

(vii) As soon as available, and in any event within thirty (30) days after the end of each month, a report of any "over-produced" or "under-produced" status under gas balancing arrangements.

(viii) As soon as available, and in any event within thirty (30) days after the end of each month, a report describing by unit or field the gross volume of production and sales attributable to production during such month from properties of the kind described in subsection (b)(v) above and describing the related severance taxes, other taxes, leasehold operating expenses, and capital costs attributable thereto and incurred during such month.

(ix) As soon as available, and in any event within thirty (30) days after the end of each month, a schedule of, and aging information with respect to, the accounts receivable of Borrower.

(x) As soon as available, and in any event within thirty (30) days after the end of each month, a report of the capital expenditures made, or to be made by Borrower, during the then current Fiscal Year together with preliminary estimates (both before and after such capital expenditures) of the oil or gas reserve enhancements anticipated to be realized as a result of such capital expenditures.

(xi) As soon as available, and in any event within thirty (30) days after the end of each Fiscal Year, an environmental compliance certificate signed by the President

or Chief Executive Officer of Borrower in the form attached hereto as Exhibit E. Further, if requested by Lender, Borrower shall permit and cooperate with an environmental and safety review made in connection with the operations of Borrower's oil and gas properties one time during each Fiscal Year beginning with Fiscal Year 1998, by Pilko & Associates or other consultants selected by Lender which review shall, if requested by Lender, be arranged and supervised by environmental legal counsel for Lender, all at Borrower's cost and expense. The consultant shall render an oral or written report, as specified by Lender, based upon such review at Borrower's cost and expense.

(xii) Concurrently with the annual renewal of the Borrower's insurance policies, certificates from Borrower's insurance brokers describing the coverages that have been put in place, and, if requested by Lender in writing, a certificate or report issued by J.H. Blades & Co., Inc. or other insurance consultants satisfactory to Lender certifying that Borrower's insurance for the next succeeding year after such renewal (or for such longer period for which such insurance is in effect) complies with the provisions of this Agreement and the Security Documents.

(c) Other Information and Inspections. Each Related Person will furnish to Lender any information which Lender may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with the Related Persons' businesses and operations. Each Related Person will permit representatives appointed by Lender (including independent accountants, agents, attorneys, appraisers and any other Persons) to visit and inspect any of such Related Person's property during normal business hours, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Related Person shall permit Lender or its representatives to investigate and verify the accuracy of the information furnished to Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives. Lender agrees that, until the occurrence of an Event of Default, it will take all reasonable steps to keep confidential any proprietary information given to it by any Related Person, provided, however, that this restriction shall not apply to information which (i) has at the time in question entered the public domain, (ii) is required to be disclosed by law or by any order, rule or regulation (whether valid or invalid) of any court or governmental agency, or authority, (iii) is disclosed to Lender's Affiliates, auditors, attorneys, or agents, or (iv) is furnished to any purchaser or prospective purchaser of participations or other interests in the Loan or any Loan Document.

(d) Notice of Material Events and Change of Address. Borrower will promptly notify Lender:

(i) of any material adverse change in Borrower's financial condition or Borrower's Consolidated financial condition or in the aggregate value of the Collateral,

(ii) of the occurrence of any Default,

(iii) of the acceleration of the maturity of any Restricted Debt owed by any Related Person or of any default by any Related Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such acceleration or default might have a material adverse effect upon Borrower's individual or Consolidated financial condition or on the value of any material part of the Collateral,

(iv) of the occurrence of any Termination Event,

(v) of any claim of $100,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any Related Person or with respect to any Related Person's properties,

(vi) of the filing of any suit or proceeding against any Related Person in which an adverse decision could have a material adverse effect upon any Related Person's financial condition, business or operations or on the value of any Collateral.

Upon the occurrence of any of the foregoing the Related Persons will take all necessary or appropriate steps to remedy promptly any such material adverse change, Default, acceleration, default or Termination Event, to protect against any such adverse claim, to defend any such suit or proceeding, and to resolve

all controversies on account of any of the foregoing. Borrower will also notify Lender and Lender's counsel in writing: (1) at least twenty Business Days prior to the date that any Related Person changes its name or the location of its chief executive office or principal place of business or the place where it keeps its books and records concerning the Collateral, furnishing with such notice any necessary financing statement amendments or requesting Lender and its counsel to prepare the same, and (2) within five Business Days after the filing by any Related Person of any application for a patent in any domestic or foreign jurisdiction.

(e) Maintenance of Properties. Each Related Person will maintain, preserve, protect, and keep all Collateral and all other property used or useful in the conduct of its business in good operating condition (ordinary wear and tear excepted) and in compliance with all applicable laws, rules and regulations, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times. In particular, Borrower will commence

the activities described in either clause (v)(a) or clause (v)(b) on page 24 of the Confirmation Order within the time period set forth therein in order to avoid the release of nonproducing acreage described in clause (v)(c) on such page.

(f) Maintenance of Existence and Qualifications. Each Related Person which is a corporation or partnership will maintain and preserve its corporate or partnership existence and its rights and franchises in full force and effect and will qualify to do business as a foreign corporation or partnership in all states or jurisdictions where required by applicable law, except where the failure so to qualify will not have any material adverse effect on Borrower or any other Related Person. Borrower will use its best efforts to become listed on the NASDAQ National Market System (or its successor) or any other national securities exchange, and once Borrower is so listed, Borrower shall remain listed and in good standing on such national securities exchange.

(g) Payment of Trade Debt, Taxes, etc. Each Related Person will (i) timely file all required tax returns; (ii) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; (iii) within 120 days after the same was incurred pay all Debt owed by it to vendors, suppliers and other Persons providing goods and services used by it in the ordinary course of its business; (iv) pay and discharge when due all other Debt now or hereafter owed by it; and (v) maintain appropriate accruals and reserves for all of the foregoing in accordance with GAAP. Each Related Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

(h) Insurance. Each Related Person will keep or cause to be kept insured by financially sound and reputable insurers its property in accordance with Schedule 3. Upon demand by Lender any insurance policies covering Collateral shall be endorsed (i) to provide for payment of losses to Lender as its interests may appear, (ii) to provide that such policies may not be cancelled or reduced or affected in any material manner for any reason without fifteen days prior notice to Lender, (iii) to provide for any other matters specified in any applicable Security Document or which Lender may reasonably require; and (iv) to provide for insurance against fire, casualty and any other hazards normally insured against, in the amount of the full value (less a reasonable deductible not to exceed amounts customary in the industry for similarly situated businesses and properties) of the property insured. Each Related Person shall at all times maintain insurance against its liability for injury to persons or property in accordance with Schedule 3, which insurance shall be by financially sound and reputable insurers. Without limiting the foregoing, each Related Person shall at all times maintain liability insurance in the amounts set out on Schedule 3.

(i) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, Borrower will promptly (and in any event, within thirty (30) days after any invoice or other statement or notice) pay (i) all reasonable costs and expenses incurred by or on behalf of Lender (including attorneys' fees, consultants fees and engineering fees) in connection with (1) the negotiation, preparation, execution and delivery of the Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, (2) the filing, recording, refiling and re-recording of any Loan Documents and any other documents or instruments or further assurances required to be filed or recorded or refiled or re-recorded by the terms of any Loan Document, (3) the borrowings hereunder and other action reasonably required in the course of administration hereof, (4) monitoring or confirming (or preparation or negotiation of any document related

to) Borrower's compliance with any covenants or conditions contained in this Agreement or in any Loan Document, and (5) the defense or enforcement of the Loan Documents (including this section) or the defense of Lender's exercise of its rights under any of the Loan Documents; and (ii) all transfer, stamp, mortgage, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Loan Documents or any other document referred to herein or therein. In addition to the foregoing, until all Obligations have been paid in full, Borrower will also pay or reimburse Lender for all reasonable out-of-pocket costs and expenses of Lender or its agents or employees in connection with the continuing administration of the Loans and the related due diligence of Lender, including travel and miscellaneous expenses and fees and expenses of Lender's outside counsel, reserve engineers and consultants engaged in connection with the Loan Documents.

(j) Performance on Borrower's Behalf. If any Related Person fails to pay any taxes, insurance premiums, expenses, attorneys' fees or other amounts it is required to pay under any Loan Document, Lender may pay the same. Borrower shall immediately reimburse Lender for any such payments and each amount paid by Lender shall constitute an Obligation owed hereunder which is due and payable on the date such amount is paid by Lender.

(k) Interest. Borrower hereby promises to pay interest to Lender at the Adjusted Base Rate on all Obligations which Borrower has in this Agreement promised to pay (including Obligations to pay fees or to reimburse or indemnify Lender) and which are not paid when due. Such interest shall accrue from the date such Obligations become due until they are paid.

(l) Compliance with Confirmation Order, Agreements and Law. Each Related Person will perform all of its obligations under the Confirmation Order and the Bankruptcy Plan and all of its material obligations under the terms of each indenture, mortgage, deed of trust, security agreement, lease, franchise, agreement,

contract or other instrument or obligation to which it is a party or by which it or any of its properties is bound. Each Related Person will conduct its business and affairs in compliance with all laws, regulations, and orders applicable thereto.

(m) Environmental Matters; Environmental Reviews.

(i) Each Related Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Related Person and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect.

(ii) Borrower will promptly furnish to Lender all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by Borrower, or of which it has notice, pending or threatened against Borrower, by any governmental authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business.

(iii) Borrower will promptly furnish to Lender all requests for information, notices of claim, demand letters, and other notifications, received by Borrower in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation or clean-up of Hazardous Material at any location.

(n) Evidence of Compliance. Each Related Person will furnish to Lender at such Related Person's or Borrower's expense all evidence which Lender from time to time reasonably requests as to the accuracy and validity of or compliance with all representations, warranties and covenants made by any Related Person in the Loan Documents, the satisfaction of all conditions contained therein, and all other matters pertaining thereto.

(o) Bank Accounts. At all times after August 10, 1997, Borrower shall maintain with Depository Institution all of its bank accounts, money market accounts, and similar accounts as security for the Obligations, and Borrower shall not hereafter purchase any certificate of deposit from any Person issuing the same other than Depository Institution.

Section 5.2. Negative Covenants. To conform with the terms and conditions under which Lender is willing to have credit outstanding to Borrower, and to induce Lender to enter into this Agreement and make the Loan, Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Lender has previously agreed otherwise:

(a) Restricted Debt. No Related Person will in any manner owe or be liable for Restricted Debt except:

(i) the Obligations.

(ii) letters of credit, not in excess of $500,000 at any one time, obtained by the Related Persons to secure their plugging, abandonment and site restoration obligations with respect to oil and gas properties.

(iii) liabilities under law or leases for plugging, abandonment and site restoration on Borrower's properties.

(iv) the various items of Restricted Debt described in detail in the Disclosure Schedule and representing "Allowed Priority Tax Claims" or the "Allowed Secured Claims" of General Motors Acceptance Corporation, MC Bank & Trust Company, or Woodforest National Bank under the Plan of Reorganization.

(v) miscellaneous items of Restricted Debt not described above in this subsection (a) which do not in the aggregate (taking into account all such Restricted Debt of all Related Persons) exceed $500,000 at any one time outstanding.

(vi) Debt outstanding under the Texaco Security Agreements, as in effect on the date hereof and as hereafter modified with Lender's consent.

(b) Limitation on Liens. No Related Person will create, assume or permit to exist any Lien upon any of its properties or assets except for:

(i) Liens which secure Obligations only.

(ii) Liens which are "Permitted Encumbrances" under the Mortgage.

(iii) Liens which are contemplated under the Plan of Reorganization which (1) encumber certain trucks and secure the Restricted Debt permitted under Section 5.2(a)(iv) that is owing to General Motors Acceptance Corporation or MC Bank & Trust Company, or (2) encumber an office complex in Lafayette, Louisiana and secure the Restricted Debt permitted under Section 5.2(a)(iv) that is owing to Woodforest National Bank.

(iv) the Liens of Texaco Exploration and Production, Inc. under the Texaco Security Agreements, as in effect on the date hereof and as hereafter modified with Lender's consent.

(v) inchoate statutory Liens for taxes or for obligations under ERISA, provided that such taxes and ERISA

obligations are not past due or are being contested as provided in Section 5.1(g).

(vi) statutory or contractual operators', mechanics', materialmen's and similar Liens incurred in the ordinary course of business, provided such Liens do not secure Restricted Debt and secure only Debt which is not outstanding for more than 120 days after the incurrence thereof or which is being contested as provided in Section 5.1(g).

(vii) deposits or pledges of cash or cash equivalents (not in the aggregate to exceed $500,000 at any time): (1) to secure the payment of workmen's compensation, unemployment insurance or other social security benefits or obligations; (2) required by law to secure statutory obligations; (3) to secure appeal bonds or to secure plugging and abandonment and site restoration obligations or similar obligations incurred in the ordinary course of the oil and gas production business; or (4) to secure reimbursement obligations for letters of credit permitted under Section 5.2(a)(vi).

(c) Hedging Contracts. No Related Person will be a party to or in any manner be liable on any forward, future, swap or hedging contract.

(d) Limitation on Mergers, Issuances of Securities. No Related Person will merge or consolidate with or into any other business entity. Borrower will not issue any securities other than shares of its common stock and options or warrants giving the holders thereof only the right to acquire

such shares. No Subsidiary of Borrower which may at any time exist will issue any shares of its capital stock or other securities or any options, warrants or other rights to acquire such additional shares or other securities except to Borrower and only to the extent not otherwise forbidden under the terms hereof. No Subsidiary of Borrower which is a partnership will allow any diminution of Borrower's interest (direct or indirect) therein.

(e) Limitation on Sales of Property. No Related Person will sell, transfer, lease, exchange, alienate or dispose of any of its properties or assets (including among others those subject to the Security Documents) or any material interest therein except:

(i) interests in oil and gas leases, or portions thereof (if released or abandoned but not otherwise sold or transferred), so long as no well situated on the property transferred, or located on any unit containing all or any part thereof, is capable (or is subject to being made capable through commercially feasible operations) of producing oil, gas or other hydrocarbons or minerals in commercial quantities.

(ii) sales of produced oil, gas and other hydrocarbons in the ordinary course of business.

Neither Borrower nor any of Borrower's Subsidiaries will sell, transfer or otherwise dispose of capital stock of any of Borrower's Subsidiaries. No Related Person will discount, sell, pledge or assign any notes payable to it, accounts receivable or future income except to the extent expressly permitted under the Loan Documents.

(f) Limitation on Dividends and Redemptions. Except for the dividends and the distributions made to Borrower by its Subsidiaries, no Related Person will declare or pay any dividends on, or make any other distribution in respect of, any class of its capital stock or any partnership or other interest in it, nor will any Related Person directly or indirectly make any capital contribution to or purchase, redeem, acquire, acquire or retire any shares of the capital stock of or partnership interests in any Related Person (whether such interests are now or hereafter issued, outstanding or created), or cause or permit any reduction or retirement of the capital stock of any Related Person.

(g) Limitation on Investments and New Businesses. No Related Person will (i) make any expenditure or commitment or incur any obligation or enter into or engage in any transaction except in the ordinary course of business or as expressly permitted hereby, (ii) engage directly or indirectly in any business or conduct any operations except in connection with or incidental to its present businesses and operations, (iii) make any acquisitions or investments in any properties other than capital expenditures on Collateral properties, or (iv) make any acquisitions of or capital contributions to or other investments in any Person other than Permitted Investments.

(h) Limitation on Credit Extensions. Except for Permitted Investments, no Related Person will extend credit, make advances or make loans other than normal and prudent extensions of credit to customers buying goods and services in the ordinary course of business, which extensions shall not be for longer periods than those extended by similar businesses operated in a normal and prudent manner.

(i) Transactions with Affiliates. Neither Borrower nor any of its Subsidiaries will engage in any material transaction with any of its Affiliates, DLB or Wexford Management LLC, or any of their respective Affiliates, on terms which are less favorable to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than its Affiliates, DLB or Wexford Management LLC, and their respective Affiliates, provided that such restriction shall not apply to transactions among Borrower and any wholly owned Subsidiaries of Borrower which are hereafter created or acquired with the consent of Lender. Except for payments to DLB of general and administrative expenses which are both (i) required to be paid under the Administrative Services Agreement and (ii) permitted to be paid

under Section 5.2(m), no Related Person will make any payment of any kind (whether in cash or properties) for any purpose (other than payments made in common stock of Borrower or warrants or rights to acquire such stock) to DLB, Wexford Management LLC, any of their respective Affiliates, or any Affiliate of Borrower which directly or indirectly owns any interest in Borrower.

(j) Certain Contracts; Amendments; Multiemployer ERISA Plans. Except as expressly provided for in the Loan Documents, no Related Person will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of any Subsidiary of

Borrower to: (i) pay dividends or make other distributions to Borrower, (ii) to redeem equity interests held in it by Borrower, (iii) to repay loans and other indebtedness owing by it to Borrower, or (iv) to transfer any of its assets to Borrower. No Related Person will enter into any "take-or-pay" contract or other contract or arrangement for the purchase of goods or services which obligates it to pay for such goods or services regardless of whether they are delivered or furnished to it. No Related Person will amend or permit any amendment to any contract or lease which releases, qualifies, limits, makes contingent or otherwise detrimentally affects the rights and benefits of Lender under or acquired pursuant to any Security Document, except as expressly permitted under such Security Document. Borrower will not amend or permit any amendment to the Administrative Services Agreement, the Texaco Security Agreements or any agreement secured by the Texaco Security Agreements. No Related Person will incur any obligation to contribute to any "multiemployer plan" as defined in Section 4001 of ERISA.

(k) Fiscal Year. No Related Person will change its fiscal year.

(l) Current Ratio. The ratio of Borrower's Consolidated current assets to Borrower's Consolidated current liabilities will never be less than 1.1 to 1.0. For purposes of this subsection, Borrower's Consolidated current liabilities will be calculated without including any payments of principal on the Obligations which would otherwise be considered current liabilities.

(m) General and Administrative Expenses. The Related Persons will not incur Consolidated general and administrative expenses (whether under the Administrative Services Agreement or otherwise) in excess of $1,000,000 during any Fiscal Quarter or in excess of $3,000,000 during any Fiscal Year.

(n) Coverage Ratio. As of each December 31, and June 30, beginning with December 31, 1997, and continuing regularly thereafter, Borrower's Coverage Ratio will not be less than 1.2 to 1.0. For purposes of this section, "Coverage Ratio" means, at any date in question, the ratio of (a) the aggregate NPV attributable to all Collateral as determined from the Engineering

Report prepared as of such date, to (b) the principal amount of the Note outstanding on such date at the end of the day.

ARTICLE VI - Security

Section 6.1. The Security. The Obligations will be secured by the Security Documents listed in the Security Schedule and any additional Security Documents hereafter delivered by any Related Person and accepted by Lender.

Section 6.2. Agreement to Deliver Security Documents. Borrower agrees to deliver and to cause its Subsidiaries to deliver, to further secure the Obligations whenever requested by Lender in its sole and absolute discretion, deeds of trust, mortgages, chattel mortgages, security agreements, financing statements and other Security Documents in form and substance satisfactory to Lender for the purpose of granting, confirming, and perfecting first and prior liens or security interests in any real or personal property now owned or hereafter acquired by any of the Related Persons (other than the trucks and office complex referred to in Section 5.2(b)(iii)). Borrower also agrees to deliver, whenever reasonably requested by Lender, favorable title opinions from legal counsel reasonably acceptable to Lender with respect to any Related Person's properties and interests designated by Lender, based upon abstract or record examinations to dates acceptable to Lender and (a) stating that such Related Person has good and defensible title to such properties and interests, free and clear of all Prohibited Liens, (b) confirming that such properties and interests are subject to Security Documents securing the Obligations that constitute and create legal, valid and duly perfected deed of trust or mortgage liens in such properties and interests and assignments of and security interests in the oil and gas attributable to such properties and interests and the proceeds thereof, and (c) covering such other matters as Lender may request.

Section 6.3. Perfection and Protection of Security Interests and Liens. Borrower will from time to time deliver to Lender any financing statements, continuation statements, extension agreements and other documents, properly completed and executed (and acknowledged when required) by the Related Persons in form and substance satisfactory to Lender, which Lender requests for the purpose of perfecting, confirming, or protecting any Liens or other rights in Collateral securing any Obligations.

Section 6.4. Bank Accounts; Offset. To secure the repayment of the Obligations Borrower hereby grants to Lender a security interest, a lien, and a right of offset, each of which shall be in addition to all other interests, liens, and rights of Lender at common law, under the Loan Documents, or otherwise, and each of which shall be upon and against (a) any and all moneys, securities or other property (and the proceeds therefrom) of Borrower now or hereafter held or received by or in transit to Lender from or for the account of Borrower, whether for

safekeeping, custody, pledge, transmission, collection or otherwise, (b) any and all deposits (general or special, time or demand, provisional or final) of Borrower with Lender, and (c) any other credits and claims of Borrower at any time existing against Lender, including claims under certificates of deposit. Upon the occurrence of any Default, Lender is hereby authorized to foreclose upon, offset, appropriate, and apply, at any time and from time to time, without notice to Borrower, any and all items hereinabove referred to against the Obligations then due and payable.

Section 6.5. Guaranties of Borrower's Subsidiaries. Each Subsidiary of Borrower now existing or created, acquired or coming into existence after the date hereof shall, promptly upon request by Lender, execute and deliver to Lender an absolute and unconditional guaranty of the timely repayment of the Obligations and the due and punctual performance of the obligations of Borrower hereunder, which guaranty shall be satisfactory to Lender in form and substance. Borrower will cause each of its Subsidiaries to deliver to Lender, simultaneously with its delivery of such a guaranty, written evidence reasonably satisfactory to Lender and its counsel that such Subsidiary has taken all corporate or partnership action necessary to duly approve and authorize its execution, delivery and performance of such guaranty and any other documents which it is required to execute.

Section 6.6. Production Proceeds. Notwithstanding that, by the terms of the various Security Documents, Borrower will be assigning to Lender all of the "Production Proceeds" (as defined therein) accruing to the property covered thereby, so long as no Event of Default has occurred Borrower (and any other Guarantor which hereafter makes such an assignment) may continue to receive from the purchasers of production all such Production Proceeds, subject, however, to the Liens created under the Security Documents, which Liens are hereby affirmed and ratified. During the continuance of any Event of Default, Lender may exercise all rights and remedies granted under the Security Documents, including the right to obtain possession of all Production Proceeds then held by Borrower or any other Related Person or to receive directly from the purchasers of production all other Production Proceeds. In no case shall any failure, whether purposed or inadvertent, by Lender to collect directly any such Production Proceeds constitute in any way a waiver, remission or release of any of its rights under the Security Documents, nor shall any release of any Production Proceeds by Lender to Borrower constitute a waiver, remission, or release of any other Production Proceeds or of any rights of Lender to collect other Production Proceeds thereafter.

Section 6.7. Agreement to Release Earned Sands. Upon Lender's receipt of written notification from each of Borrower and CXY that CXY has earned an assignment of Earned Sands under the terms of the Farmout Agreement, and concurrently with the execution of an assignment by Borrower to CXY of such Earned

Sands in accordance with the terms and conditions of the Farmout Agreement, Lender hereby agrees to execute an appropriate instrument, in recordable form, that releases Lender's Liens insofar and only insofar as the same affects such Earned Sands. The release contemplated by this Section 6.7 with respect to the Earned Sands shall specifically exclude any interest of Borrower in the Earned Sands that is to be reserved or retained by Borrower under the terms of the Farmout Agreement. In all cases, the term "Earned Sands" shall not include such reserved or retained interests of Borrower. As used in this section:

"CXY" shall mean CXY Energy, Inc.

"Earned Sands" shall mean that portion or those portions of the Farmout Lands of which CXY is or may from time to time become entitled to receive an assignment from Borrower pursuant to the terms and conditions of the Farmout Agreement.

"Farmout Agreement" shall mean that certain Option/Farmout Agreement dated June 9, 1995, by WRT Energy Corporation, as farmor, and CXY Energy, Inc., as farmee, affecting Borrower's leasehold interests in the Lac Blanc field in Vermilion Parish, Louisiana, a true and correct copy of which has heretofore been delivered to Lender.

"Farmout Lands" shall have the meaning given to such term in the Farmout Agreement.

ARTICLE VII - Events of Default and Remedies

Section 7.1. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) Any Related Person fails to pay any Obligation when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise, and such failure is not remedied within one Business Day after it occurs;

(b) Any "default" or "event of default" occurs under any Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Related Person fails to duly observe, perform or comply with any covenant, agreement or provision of Section 5.1(d) or Section 5.2;

(d) Any Related Person fails (other than as referred to in subsections (a), (b) or (c) above) to duly observe, perform or comply with any covenant, agreement, condition or provision of any Loan Document, and such failure remains unremedied for a

period of ten (10) days after notice of such failure is given by Lender to Borrower;

(e) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Related Person in connection with any Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made, or any Loan Document at any time ceases to be valid, binding and enforceable as warranted in Section 4.1(e) for any reason other than its release or subordination by Lender;

(f) Any Related Person fails to duly observe, perform or comply with any agreement with any Person or any term or condition of any instrument, if such agreement or instrument is materially significant to Borrower or to Borrower and its subsidiaries on a Consolidated basis or materially significant to any Guarantor, and such failure is not remedied within the applicable period of grace (if any) provided in such agreement or instrument;

(g) Any Related Person (i) fails to pay any portion, when such portion is due, of any of its Restricted Debt in excess of $100,000, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Debt is issued, evidenced, governed, or secured, and any such failure, breach or default continues beyond any applicable period of grace provided therefor;

(h) Either (i) any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) in excess of $100,000 exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than $100,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(i) Any material adverse change occurs in Borrower's Consolidated condition (financial or otherwise), businesses, operations, properties (including any intangible assets) or prospects as the same exist on the date hereof; or

(j) Any Related Person:

(i) suffers the entry against it of a judgment, decree or order for relief by a court of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended, or

has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) suffers the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its assets or of any part of the Collateral in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in excess of $100,000, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial part of its assets or any part of the Collateral, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside;

(k) the Administrative Services Agreement ceases to be in full force and effect or is declared null and void, or the validity or enforceability thereof is contested by any party thereto, or any party thereto denies it has any further obligations thereunder or fails to perform any of its obligations thereunder; or

(l) Individuals nominated to the board of directors of Borrower by DLB at any time cease to constitute a majority of the members of such board.

Upon the occurrence of an Event of Default described in subsection (j)(i), (j)(ii) or (j)(iii) of this section with respect to Borrower, all of the Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of

protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Related Person who at any time ratifies or approves this Agreement. During the continuance of any other Event of Default, Lender at any time and from time to time may without notice to Borrower or any other Related Person declare any or all of the Obligations immediately due and payable, and all such Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrower and each Related Person who at any time ratifies or approves this Agreement. After any such acceleration (whether automatic or due to declaration by Lender), any obligation of Lender to make any further loans of any kind under any agreement with any Related Person shall be permanently terminated.

Section 7.2. Remedies. If any Default shall occur and be continuing, Lender may protect and enforce its rights under the Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and Lender may enforce the payment of any Obligations due or enforce any other legal or equitable right. All rights, remedies and powers conferred upon Lender under the Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Loan Documents or at law or in equity.

SECTION 7.3. INDEMNITY. BORROWER AGREES TO INDEMNIFY LENDER, UPON DEMAND, FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, LOSSES, DAMAGES, PENALTIES, FINES, ACTIONS, JUDGMENTS, SUITS, SETTLEMENTS, COSTS, EXPENSES OR DISBURSEMENTS (INCLUDING REASONABLE FEES OF ATTORNEYS, ACCOUNTANTS, EXPERTS AND ADVISORS) OF ANY KIND OR NATURE WHATSOEVER (IN THIS SECTION COLLECTIVELY CALLED "LIABILITIES AND COSTS") WHICH TO ANY EXTENT (IN WHOLE OR IN PART) MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST LENDER GROWING OUT OF, RESULTING FROM OR IN ANY OTHER WAY ASSOCIATED WITH ANY OF THE COLLATERAL, THE LOAN DOCUMENTS, OR THE TRANSACTIONS AND EVENTS (INCLUDING THE ENFORCEMENT OR DEFENSE THEREOF) AT ANY TIME ASSOCIATED THEREWITH OR CONTEMPLATED THEREIN (INCLUDING ANY VIOLATION OR NONCOMPLIANCE WITH ANY ENVIRONMENTAL LAWS BY ANY RELATED PERSON OR ANY LIABILITIES OR DUTIES OF ANY RELATED PERSON OR OF LENDER WITH RESPECT TO HAZARDOUS MATERIALS FOUND IN OR RELEASED INTO THE ENVIRONMENT).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY LENDER,

PROVIDED ONLY THAT LENDER SHALL BE NOT ENTITLED UNDER THIS SECTION TO RECEIVE INDEMNIFICATION FOR THAT PORTION, IF ANY, OF ANY LIABILITIES AND COSTS WHICH IS PROXIMATELY CAUSED BY ITS OWN INDIVIDUAL GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AS DETERMINED IN A FINAL JUDGMENT. IF ANY PERSON (INCLUDING BORROWER OR ANY OF ITS AFFILIATES) EVER ALLEGES SUCH GROSS NEGLIGENCE OR WILLFUL MISCONDUCT BY LENDER, THE INDEMNIFICATION PROVIDED FOR IN THIS SECTION SHALL NONETHELESS BE PAID UPON DEMAND, SUBJECT TO LATER ADJUSTMENT OR REIMBURSEMENT, UNTIL SUCH TIME AS A COURT OF COMPETENT JURISDICTION ENTERS A FINAL JUDGMENT AS TO THE EXTENT AND EFFECT OF THE ALLEGED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. AS USED IN THIS SECTION THE TERM "LENDER" SHALL REFER NOT ONLY TO THE PERSON DESIGNATED AS SUCH IN SECTION 1.1 BUT ALSO TO EACH DIRECTOR, OFFICER, AGENT, ATTORNEY, EMPLOYEE, REPRESENTATIVE AND AFFILIATE OF SUCH PERSON.

ARTICLE VIII – Miscellaneous

Section 8.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by Lender in exercising any right, power or remedy which Lender may have under any of the Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by Lender of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Related Person shall in any case of itself entitle any Related Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan Documents set forth the entire understanding and agreement of the parties hereto and thereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no modification or amendment of or supplement to this Agreement or the other Loan Documents shall be valid or effective unless the same is in writing and signed by the party against whom it is sought to be enforced.

(b) Acknowledgements and Admissions. Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document

delivered on or after the date hereof, (iii) there are no representations, warranties, covenants, undertakings or agreements by Lender as to the Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iv) Lender owes no fiduciary duty to Borrower with respect to any Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the Loan Documents between Borrower, on one hand, and Lender, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Loan Documents between Borrower and Lender, (vii) should an Event of Default or Default occur or exist Lender will determine in its sole discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time, (viii) without limiting any of the foregoing, Borrower is not relying upon any representation or covenant by Lender, or any representative thereof, and no such representation or covenant has been made, that Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Documents with respect to any such Event of Default or Default or any other provision of the Loan Documents, and (ix) Lender has relied upon the truthfulness of the acknowledgements in this section in deciding to execute and deliver this Agreement and to make the Loan.

THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 8.2. Survival of Agreements; Cumulative Nature. All of the Related Persons' various representations, warranties, covenants and agreements in the Loan Documents shall survive the execution and delivery of this Agreement and the other Loan Documents and the performance hereof and thereof, including the making or granting of the Loan and the delivery of the Note and

the other Loan Documents, and shall further survive until all of the Obligations are paid in full to Lender and all of Lender's obligations to Borrower are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Related Person to Lender under any Loan Document shall be deemed representations and warranties by Borrower or agreements and covenants of Borrower under this Agreement. The representations, warranties, and covenants made by the Related Persons in the Loan Documents, and the rights, powers, and privileges granted to Lender in the Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to

Lender of any such representation, warranty, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty or covenant herein contained shall apply to any similar representation, warranty or covenant contained in any other Loan Document, and each such similar representation, warranty or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Documents.

Section 8.3. Notices. All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document, and shall be deemed sufficiently given or furnished if delivered by personal delivery, by telecopy, by delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, to Borrower and the Related Persons at the address of Borrower specified on the signature pages hereto and to Lender at its address specified on the signature pages hereto (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery at the address and in the manner provided herein, (b) in the case of telecopy, upon receipt, or (c) in the case of registered or certified United States mail, three days after deposit in the mail; provided, however, that neither the Request for Loan nor any Rate Election shall become effective until actually received by Lender.

Section 8.4. Joint and Several Liability; Parties in Interest. All Obligations which are incurred by two or more Related Persons shall be their joint and several obligations and liabilities. All grants, covenants and agreements contained in the Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that no Related Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of Lender.

SECTION 8.5. GOVERNING LAW; SUBMISSION TO PROCESS. EXCEPT TO THE EXTENT THAT THE LAW OF ANOTHER JURISDICTION IS EXPRESSLY ELECTED IN A LOAN DOCUMENT, THE LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS AND INSTRUMENTS MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND THE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. BORROWER HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST BORROWER WITH RESPECT TO THIS AGREEMENT, THE NOTE OR ANY OF THE LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AS LENDER MAY

ELECT, AND, BY EXECUTION AND DELIVERY HEREOF, BORROWER ACCEPTS AND CONSENTS TO, FOR ITSELF AND IN RESPECT TO ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS AND AGREES THAT SUCH JURISDICTION SHALL BE EXCLUSIVE, UNLESS WAIVED BY LENDER IN WRITING, WITH RESPECT TO ANY ACTION OR PROCEEDING BROUGHT BY IT AGAINST LENDER AND ANY QUESTIONS RELATING TO USURY. BORROWER AGREES THAT SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK SHALL APPLY TO THE LOAN DOCUMENTS AND WAIVES ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. IN FURTHERANCE OF THE FOREGOING, BORROWER HEREBY IRREVOCABLY DESIGNATES AND APPOINTS CT CORPORATION SYSTEM, 1633 BROADWAY, NEW YORK, NEW YORK, AS AGENT OF BORROWER TO RECEIVE SERVICE OF ALL PROCESS BROUGHT AGAINST BORROWER WITH RESPECT TO ANY SUCH PROCEEDING IN ANY SUCH COURT IN NEW YORK, SUCH SERVICE BEING HEREBY ACKNOWLEDGED BY BORROWER TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. COPIES OF ANY SUCH PROCESS SO SERVED SHALL ALSO, IF PERMITTED BY LAW, BE SENT BY REGISTERED MAIL TO BORROWER AT ITS ADDRESS AS PROVIDED HEREIN, BUT THE FAILURE OF BORROWER TO RECEIVE SUCH COPIES SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS AS AFORESAID. BORROWER SHALL FURNISH TO LENDER A CONSENT OF CT CORPORATION SYSTEM AGREEING TO ACT HEREUNDER ON OR PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT. NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. IF FOR ANY REASON CT

CORPORATION SYSTEM SHALL RESIGN OR OTHERWISE CEASE TO ACT AS AGENT, BORROWER HEREBY IRREVOCABLY AGREES TO (A) IMMEDIATELY DESIGNATE AND APPOINT A NEW AGENT ACCEPTABLE TO LENDER TO SERVE IN SUCH CAPACITY AND, IN SUCH EVENT, SUCH NEW AGENT SHALL BE DEEMED TO BE SUBSTITUTED FOR CT CORPORATION SYSTEM FOR ALL PURPOSES HEREOF AND (B) PROMPTLY DELIVER TO LENDER THE WRITTEN CONSENT (IN FORM AND SUBSTANCE SATISFACTORY TO LENDER) OF SUCH NEW AGENT AGREEING TO SERVE IN SUCH CAPACITY.

Section 8.6. Limitation on Interest. Lender, the Related Persons and the other parties to the Loan Documents intend to contract in strict compliance with applicable usury law from time to time in effect. In furtherance thereof such persons stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to provide for interest in excess of the maximum amount of interest permitted to be charged by applicable law from time to time in effect. Neither any Related Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable law from time to time in effect, and the provisions of this section shall control over all other provisions of the Loan Documents which may be in conflict or apparent conflict herewith.

Section 8.7. Termination; Limited Survival. In its sole and absolute discretion Borrower may at any time that no Obligations are owing elect in a notice delivered to Lender to terminate this Agreement. Upon receipt by Lender of such a notice, if no Obligations are then owing this Agreement and all other Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Related Person in any Loan Documents, any Obligations under Sections 2.12 through 2.16, and any obligations which any Person may have to indemnify or compensate Lender shall survive any termination of this Agreement or any other Loan Document. At the request and expense of Borrower, Lender shall prepare and execute all necessary instruments to reflect and effect such termination of the Loan Documents.

Section 8.8. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable law.

Section 8.9. Counterparts. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

SECTION 8.10. WAIVER OF JURY TRIAL, PUNITIVE DAMAGES, ETC. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH OF LENDER AND BORROWER HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF LENDER OR BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER'S ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS. EACH OF BORROWER AND LENDER HEREBY FURTHER (A) KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES", AS DEFINED BELOW, (B) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (C) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS

OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

WRT ENERGY CORPORATION

By:

Raymond P. Landry
Executive Vice President

Address:

3303 FM 1960 West, Suite 460
Houston, Texas 77068
Attention: President

Telephone: (713) 706-3295
Telecopy: (713) 706-4083

ING (U.S.) CAPITAL CORPORATION

By:

Peter Y. Clinton
Senior Vice President

Address:

135 East 57th Street
New York, New York 10022-2101
Attention: Alan G. Massara

Telephone: (212) 409-1839
Telecopy: (212) 832-3616

SCHEDULE 1

DISCLOSURE SCHEDULE

SCHEDULE 2

SECURITY SCHEDULE

1. Mortgage, Assignment, Security Agreement, Fixture Filing and Financing Statement dated July 11, 1997 (the "Mortgage") made by Borrower for the benefit of Lender covering various properties of Borrower in Louisiana.

2. Security Agreement of even date herewith (the "Security Agreement") made by Borrower for the benefit of Lender.

3. Financing statements prepared for filing in Texas, Oklahoma and Louisiana in connection with the Mortgage.

4. Pledge Agreement (Deposit Accounts) of even date herewith (the "Pledge Agreement") made by Borrower for the benefit of Lender.

5. Financing statements prepared for filing in Texas, Oklahoma and Louisiana in connection with the Pledge Agreement and the Security Agreement.

SCHEDULE 3

Insurance Schedule

1. Workers Compensation & Employers Liability/Texas Workers Compensation Insurance Fund
Limit of Liability:
Workers Compensation -- Statutory
Employers Liability --
A. Bodily Injury by accident -- $1,000,000
B. Bodily Injury by disease each employee --

$1,000,000/employee
C. Bodily Injury by disease -- $1,000,000/aggregate

Also covers USL&H and Outer Continental Shelf Lands Act adjacent to Texas waters.

2. Workers Compensation & Employers Liability
Louisiana Workers Compensation Corporation
Limit of Liability:
Workers Compensation -- Statutory
Employers Liability --
A. Bodily Injury by accident -- $1,000,000
B. Bodily Injury by disease -- $1,000,000/employee
C. Bodily Injury by disease -- $1,000,000/aggregate

Also covers USL&H and Outer Continental Shelf Lands Act.

3. Maritime Employers Liability
Limit of Liability -- $1,000,000 per occurrence
Deductible -- $25,000 per occurrence

4. Comprehensive General Liability
Limit of Liability -- $1,000,000 per occurrence and in the aggregate.
To include coverage for $1,000,000 CSL each occurrence for hired car and non-owned auto liability.

5. Auto Liability
Limit of Liability -- $1,000,000 Combined Single Limit per accident.

6. Excess Liability
Limit of Liability -- $25,000,000 per occurrence and in the aggregate except for auto liability. Covers legal liability excess of coverage provided by primary employers liability, maritime employers liability, comprehensive general liability, and auto liability coverages.

7. Directors & Officers Legal Liability
Limit of Liability -- $2,000,000 aggregate
Deductible -- $250,000 per claim for loss as to which indemnification by the company is legally permissible.

8. Excess Directors & Officers Legal Liability
Limit of Liability -- $3,000,000 excess of $2,000,000 underlying primary coverage.

9. Cost of Well Control and Extra Expense
A. Areas I & II -- $5,000,000 (100% interest) any one occurrence.
B. Areas II-wet & III -- $10,000,000 (100% interest) any one occurrence.
C. Care, Custody & Control -- $500,000 (100% interest) any one occurrence.
Deductible:
A. Areas I, II, II-wet -- $50,000 (100%) per occurrence.
B. Area III -- $100,000 (100%) per occurrence.
C. Care, Custody & Control -- $10,000 (100%) per occurrence.

Covers Cost of Well Control, Restoration or Redrilling, and Pollution Liability arising out of a blowout.

10. Physical Damage -- Pipelines and Platforms
Limit of Liability -- As per schedule of values in policy.
Deductible -- $50,000 (100%) per occurrence.
Covers physical damage loss and debris removal.

11. Physical Damage -- Oil & Gas Lease Property
Limit of Liability -- As per schedule of values in policy.
Deductible -- $10,000 (100%) per occurrence.
Covers physical damage loss and debris removal.

12. Contractors Equipment Physical Damage
Limit of Liability -- $1,294,000
Deductible -- $5,000 each loss.
Covers four (4) drilling/workover rigs, wireline truck, wireline unit, and associated equipment.

13. Property Insurance -- Louisiana
Limit of Liability:

<TABLE>

<S>	<C>	<C>
A.	Loc. 1 -- Building	$ 289,000
B.	Loc. 1 -- Contents	$ 50,000
C.	Loc. 2 -- Contents	$ 100,000

</TABLE>

Deductible -- $1,000 each loss.
Covers building and personal property.

14. Property Insurance -- Texas
Limit of Liability:

<TABLE>
<S> <C> <C>
A. Loc. 1 -- Contents $ 150,000
B. Loc. 2 -- Contents $ 20,000
</TABLE>

Deductible -- $500 per loss.
Covers office contents at two (2) locations.

15. Boat Insurance (Hull)
Limit of Liability -- $10,190
Deductible -- $2,500 per loss.
Covers 20' aluminum boat, engine and trailer.

EXHIBIT A

PROMISSORY NOTE

$15,000,000 New York, New York July 10, 1997

FOR VALUE RECEIVED, the undersigned, WRT Energy Corporation, a Delaware corporation (herein called "Borrower"), hereby promises to pay to the order of ING (U.S.) (herein called "Lender"), the principal sum of Fifteen Million Dollars ($15,000,000), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of Lender, 135 East 57th Street, New York, New York or at such other place within New York County, New York, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain Credit Agreement of even date herewith between Borrower and Lender (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is the Note as defined therein, (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events, and (c) is secured by and entitled to the benefits of certain Security Documents (as identified and defined in the Credit Agreement). Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein and to the Security Documents for a description of the nature and extent of the security thereby provided and the rights of the parties thereto.

For the purposes of this Note, the following terms have the meanings assigned to them below:

"Base Rate Payment Date" means (i) the last day of each calendar month, beginning July 31, 1997, and (ii) any day on which past due interest or principal is owed hereunder and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal hereon shall be deferred from one Base Rate Payment Date to another day, such other day shall also be a Base Rate Payment Date.

"Fixed Rate Payment Date" means, with respect to any Fixed Rate Portion: (i) the day on which the related Interest Period ends and (ii) any day on which past due interest or past due principal is owed hereunder with respect to such Fixed Rate Portion and is unpaid. If the terms hereof or of

the Credit Agreement provide that payments of interest or principal with respect to such Fixed Rate Portion shall be deferred from one Fixed Rate Payment Date to another day, such other day shall also be a Fixed Rate Payment Date.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Maturity Date specified in the Credit Agreement.

The Base Rate Portion of the Loan (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the Adjusted Base Rate in effect on such day. On each Base Rate Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Base Rate Portion to but not including such Base Rate Payment Date. Each Fixed Rate Portion of the Loan (exclusive of any past due

principal or interest) shall bear interest on each day during the related Interest Period at the related Fixed Rate in effect on such day. On each Fixed Rate Payment Date relating to such Fixed Rate Portion Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Fixed Rate Portion to but not including such Fixed Rate Payment Date. To the extent permitted by applicable law, all past due interest on the Loan shall bear interest on each day outstanding at the Adjusted Base Rate in effect on such day, and such interest shall be due and payable daily as it accrues.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum interest which, under applicable law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or

any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

WRT ENERGY CORPORATION

By:
_____
Raymond P. Landry
Executive Vice President

EXHIBIT B

REQUEST FOR LOAN

Reference is made to that certain Credit Agreement dated as of July 10, 1997 (as from time to time amended, the "Agreement"), by and between WRT Energy Corporation ("Borrower") and ING (U.S.) Capital Corporation ("Lender"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement. Pursuant to the terms of the Agreement Borrower hereby requests Lender to make the Loan to Borrower in the principal amount of $15,000,000, specifies July 11, 1997, as the date Borrower desires for Lender to make the Loan, and directs Lender to apply all proceeds of the Loan to payment of Lender's Bankruptcy Claim.

To induce Lender to make the Loan, Borrower hereby represents, warrants, acknowledges, and agrees that:

(a) The officer of Borrower signing this instrument is the duly elected, qualified and acting officer of Borrower as indicated below such officer's signature hereto having all necessary authority to act for Borrower in making the request herein contained.

(b) The representations and warranties of Borrower set forth in the Agreement and the other Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect

as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 8.1(a) of the Agreement; nor will any such Default exist upon Borrower's receipt and application of the Loan requested hereby. Borrower will use the Loan hereby requested in compliance with Section 2.3 of the Agreement.

(d) Except to the extent waived in writing as provided in Section 8.1(a) of the Agreement, Borrower has performed and complied with all agreements and conditions in the Agreement required to be performed or complied with by Borrower on or prior to the date hereof, and each of the conditions precedent to the Loan contained in the Agreement remains satisfied.

(e) The Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means

not provided for in Section 8.1(a) of the Agreement. The Agreement and the other Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgements, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, 19__.

WRT ENERGY CORPORATION

By:
_____
Name:
Title:

By its signature below, Lender hereby acknowledges that in accordance with Borrower's direction, Lender has applied all proceeds of the Loan to Lender's Bankruptcy Claim.

ING (U.S.) CAPITAL CORPORATION

By:
_____
Name:
Title:

EXHIBIT C

RATE ELECTION

Reference is made to that certain Credit Agreement dated as of July 10, 1997 (as from time to time amended, the "Agreement"), by and between WRT Energy Corporation ("Borrower") and ING (U.S.) Capital Corporation ("Lender"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement. Pursuant to the terms of the Agreement Borrower hereby elects a Fixed Rate Portion in the amount of $ _____ with an Interest Period beginning on _____ and continuing for a period of _____.

To meet the conditions set out in the Agreement for the making of such election, Borrower hereby represents, warrants, acknowledges and agrees that:

(a) The officer of Borrower signing this instrument is a duly elected, qualified and acting _____ of Borrower, having all necessary authority to act for Borrower in making the election herein contained.

(b) There does not exist on the date hereof any condition or

event which constitutes a Default which has not been waived in writing as provided in Section 8.1(a) of the Agreement.

(c) The Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 8.1(a) of the Agreement. The Agreement and the other Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgements, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF this instrument is executed as of _____ _____.

WRT ENERGY CORPORATION

By:
_____
Name:
Title:

EXHIBIT D

CERTIFICATE ACCOMPANYING FINANCIAL STATEMENTS

Reference is made to that certain Credit Agreement dated as of July 10, 1997 (as from time to time amended, the "Agreement"), by and between WRT Energy Corporation ("Borrower") and ING (U.S.) Capital Corporation ("Lender"), which Agreement is in full force and effect on the date hereof. Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

*This Certificate is furnished pursuant to Section 5.1(b)(ii) of the Agreement. Together herewith Borrower is furnishing to Lender Borrower's *[audited/unaudited] financial statements (the "Financial Statements") as at _____ (the "Reporting Date"). Borrower hereby represents, warrants, and acknowledges to Lender that:*

(a) the officer of Borrower signing this instrument is the duly elected, qualified and acting _____ of Borrower and as such is Borrower's chief financial officer;

(b) the Financial Statements are accurate and complete in all material respects and satisfy the requirements of the Agreement;

(c) attached hereto is a schedule of calculations showing Borrower's compliance as of the Reporting Date with the requirements of Sections 5.2(l), (m) and (n) of the Agreement [,Borrower's non-compliance as of such date with the requirements of Section(s) _____ of the Agreement] and a comparison of the Financial Statements to the [Disclosure Statement][the business and financial plan furnished under Section 5.1(b)(iv) of the Agreement];*

*(d) on the Reporting Date Borrower was, and on the date hereof Borrower is, in full compliance with the disclosure requirements of Section 5.1(d) of the Agreement, and no Default otherwise existed on the Reporting Date or otherwise exists on the date of this instrument *[except for Default(s) under Section(s) _____ of the Agreement, which [is/are] more fully described on a schedule attached hereto].*

The officer of Borrower signing this instrument hereby certifies that he has reviewed the Loan Documents and the Financial Statements and has otherwise undertaken such inquiry as is in his opinion necessary to enable him to express an informed opinion with respect to the above representations, warranties and acknowledgments of Borrower and, to the best of his knowledge,

such representations, warranties, and acknowledgments are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, 19__.

WRT ENERGY CORPORATION

By:

Name:
Title:

EXHIBIT E

ENVIRONMENTAL COMPLIANCE CERTIFICATE

Reference is made to that certain Credit Agreement dated as of July 10, 1997 (as from time to time amended, the "Agreement"), by and between WRT Energy Corporation ("Borrower") and ING (U.S.) Capital Corporation ("Lender"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement. The undersigned, being the Chief Executive Officer of Borrower, hereby certifies to Lender as follows:

1. For the Fiscal Year ending immediately prior to the date hereof, Borrower has complied and is complying with Section 5.1(m) of the Credit Agreement *[except as set forth in Schedule I attached hereto];

2. To the best knowledge of the undersigned after due inquiry, Borrower is on the date hereof in compliance with all applicable Environmental Laws, noncompliance with which could have a material adverse effect on the financial condition or operations of Borrower;

3. Borrower has taken (and continues to take) steps to minimize the generation of potentially harmful effluents;

4. Borrower has established an ongoing program of conducting an internal audit of each operating facility of Borrower to identify actual or potential environmental liabilities which could have a material adverse effect on the financial condition or operations of Borrower; and

5. Borrower has established an ongoing program of training its employees in issues of environmental, health and safety compliance, and Borrower presently has one or more individuals in charge of implementing such training program.

The officer of Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry and consultation with the operating officers of Borrower, the above representations, warranties, acknowledgements, and agreements of Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, 19__.

WRT ENERGY CORPORATION

By:

Name:
Title:

SCHEDULE I
PAGE 1 OF 4

DISCLOSURE SCHEDULE

To supplement the following sections of the Agreement of which this Schedule is a part, and in addition and in supplement to the Debtor's and DLBW's Second Amended Disclosure Statement under 11 U.S. C. Section 1125 in support of Debtor's and DLBW's Second Amended Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code, In re: WRT Energy Corporation, Case No. 96-BK-50212, in the United States Bankruptcy Court for the Western District of Louisiana, Lafayette-Opelousas (the "Disclosure Statement"), Borrower hereby makes the following disclosures:

1. SECTION 4.1(f) FINANCIAL STATEMENTS:

No material adverse change has occurred in Borrower's financial condition or business since the date of the Initial Draft Financial Statements, a copy of which was furnished by Michael J. Blaschke to counsel for Lender by letter dated July 2, 1997.

2. SECTION 4.1(g) OTHER OBLIGATIONS AND RESTRICTIONS:

After giving effect to all payments under the Plan of Reorganization made on or before the date hereof, Borrower is liable or potentially liable for the following claims:

(i) Pre-Petition Liens that survive Effective Date pursuant to Plan of Reorganization:

a. Secured Party: General Motors Acceptance Corporation
Amount outstanding: $2,745.47
Collateral: Automobile(s)

b. Secured Party: MC Bank & Trust Company
Amount outstanding: $195,580.02
Collateral: Office complex in Lafayette, Louisiana

c. Purported Secured Party: Tricore Energy Venture, L.P.(1)
Amount of asserted Claim: $9,063,798.00
Purported Collateral: Certain interests (aggregating approximately 4.69% leasehold working interest and approximately 3.72% net revenue interest) in West Cote Blanche Bay Field. This security interest is disputed. If the asserted security interest is upheld, Borrower will have the option either to transfer the

- ----------
(1) The Borrower disputes the validity of the asserted lien and of the amount of the asserted claim. The Borrower has filed an adversary proceeding seeking to void or avoid the asserted lien, and intends to file an object to the amount of the asserted claim.

collateral to Tricore subject to all senior rights, or to pay an amount equal to the lesser of the allowed amount of Tricore's claim and the value of the collateral.

(ii) Pre-Petition Liens not provided for in the Plan of Reorganization, that are being disputed:(2)

a. Claimant: Duck Lake Acquisition Partners
Asserted Amount: $318,377.12
Asserted Collateral: Lac Blanc Field

b. Claimant: Amerada Hess Corporation
Asserted Amount: $301,758.25
Asserted Collateral: Lac Blanc Field

c. Claimant: LLOG Exploration Company
Asserted Amount: $1,100,000.00
Asserted Collateral: Bayou Penchant, Bayou Pigeon, Deer Island, Abbeville and Golden Meadow Fields

d. Claimant: Continental Land & Fur (claim purchased by LLOG Exploration Company)
Asserted Amount: $78,000.00
Asserted Collateral: Deer Island Field and Bayou Penchant Field

e. Claimant: Miscellaneous Asserted Royalty Claimants
Asserted Amount: $49,595.76 in the aggregate
Asserted Collateral: Miscellaneous

(iii) Mechanics' and Materialmen's Liens (Classes C-1 through C-16) that are to receive cash payments under the Plan of Reorganization:(3)

a. Allowed Claims:
Aggregate dollar amount to be paid: $1,294,848.03
Amount to be reserved by Disbursing Agent: $1,294,848.03

- ----------
(2) The Borrower disputes the validity of the asserted liens and of the amount of the asserted claims. The Borrower has filed motions under applicable law challenging the validity of the asserted liens and of the asserted claims. No reserve is being established on account of these claims.
(3) Pursuant to the Plan of Reorganization, it is a condition to all distributions to each holder of a claim in these Classes (other than Class C-11) that the holder execute appropriate documents to release its liens. In addition, the Plan of Reorganization and the Confirmation Order provides for the extinguishment of all liens asserted by the holders of claims in these Classes.

b. Disputed Claims:
Aggregate dollar amount potentially payable, based upon maximum asserted amount of Claim and the Class in which the Claim is asserted: $1,008,428.13
Amount to be reserved by Disbursing Agent: $1,008,428.13

(iv) Administrative Expenses incurred outside the ordinary course of business:(4)

a. Allowed Claims:
Aggregate dollar amount to be paid on Effective Date: $1,227,444.63
Aggregate dollar amount of professional fees applications for which have been filed but with respect to which the hearing has not occurred as of July 10: $437,043.76. No reserve is being established on account of these fees.

b. Disputed Claims:
Aggregate dollar amount asserted: $1,162,974.76
Amount to be reserved by Disbursing Agent: $265,778.09

(v) Priority Claims:

a. Allowed Claims: None.

b. Disputed Claims: None.

(vi) Priority Tax Claims:

a. Allowed Claims:
Aggregate dollar amount: $1,157,025.32
Aggregate dollar amount to be paid on Effective Date: $302,679.01)(5)
Aggregate dollar amount remaining to be paid: $854,343.61

b. Disputed Claims:
Aggregate dollar amount asserted: $95,947.09. This amount will be reserved in full.

- ----------
(4) Pursuant to the Plan of Reorganization, all Administrative Expenses that have been and are incurred in the ordinary course of Old WRT's business will be paid in the ordinary course and are not included herein or in the amounts set forth in Section 4.1(g) of the Agreement.
(5) Pursuant to the Plan of Reorganization, this amount shall be paid in full in equal quarterly installments, plus interest at the rate of LIBOR plus 2%, with the last payment being made on December 31, 2001.

(vii) Convenience Class Claims

Aggregate dollar amount to be paid on Effective Date: $143,335.94

3. SECTION 4.1(i) LITIGATION:

Attached hereto as Exhibit "1" is a list of all outstanding litigation.

4. SECTION 4.1(j) ERISA LIABILITIES:

The Borrower maintains a 401(k) savings plan, under which the Borrower may, at its election, make matching contributions for its employees' contributions. The Borrower has no ERISA liabilities other than its obligations, if any, under the 401(k) plan.

5. SECTION 4.1(k) ENVIRONMENTAL MATTERS:

There have been no reportable releases of hazardous substances, citations or summons for violations of environmental laws or regulations or any known or threatened criminal, civil or administrative actions relating to environmental matters.

6. SECTIONS 4.1(l) AND 8.3 NAMES AND PLACES OF BUSINESS:

NAME CHANGES:

The Borrower - WRT Energy Corporation, a Texas corporation, merged into WRT Energy Corporation, a Delaware corporation, as of July 10, 1997.

CURRENT AND FORMER PLACES OF BUSINESS:

The Borrower: WRT Energy Corporation
3303 FM 1960 West, Suite 140
Houston, Texas 77068
(formerly 5718 Westheimer,
Suite 1201
Houston, Texas 77057)

also:

1405 West Pinhook, Suite 210
Lafayette, Louisiana 70503

EXHIBIT 1

[SHEINFELD, MALEY & KAY LETTERHEAD]

July 9, 1997

VIA FACSIMILE: (212) 593-5955

Brooks R. Burdette, Esq.
Schulte Roth & Zabel, LLP
900 Third Avenue
New York, New York 10022

RE: IN RE WRT ENERGY CORPORATION;
PENDING LITIGATION

Dear Brooks:

Pursuant to our telephone conversations over the past two days, please find below a listing of all known pending litigation involving WRT. Such listing does not include those matters as to which actual litigation is either intended or contemplated by WRT, but not yet filed, and does not disclose litigation as to which the Litigation Entity will effectively become the party in interest; it merely discloses actual pending litigation as to which New WRT will be a party on and after the Effective Date of the Plan. Additionally, this listing has been compiled without consultation with WRT and, therefore, may not reflect additional litigation as to which we have not yet been made aware.

ADVERSARY PROCEEDINGS:

<TABLE>

PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
Wrt v. Tri-Deck & Perry Gas (Adv. No. 96AP-5028)	Turnover (Section 542)	Motion for partial summary judgement by WRT under advisement; mtn for summary judg-ment by Perry Gas filed-hearing set 7/29/97 @ 8:00 am
WRT v. Tricore (Adv. No. 97AP-5003)	Declaratory Judgm't/ Avoidance Action Sections 544 and 547) + claim objection (consol.)	Adv. + claim obj. con-solidated; Status tele-phonic conference - 7/14/97 @ 8:30 am; hearing on motions for partial sum-mary judgment - 7/15/97 @ 10:00 am; trial - 8/18/97 as to validity/avoidance of security ints.

</TABLE>

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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
WRT v. Continental Land & Fur (Adv. No. 97AP-5037)	Lien Avoidance Action (Section 545)	Status telephonic hearing -- 7/24/97 @ 9:30 am
WRT v. EC Energy Prod. (Adv. No. 97AP-5036)	Turnover (Section 542)	Motion to w/draw as counsel recently filed by counsel to EC Energy; Paul DeBaillon should be consulted to determine status
WRT v. LLOG (Adv. No. 97AP-5036)	Lien Avoidance Action (Section 545)	Status telephonic hearing -- 7/24/97 @ 9:00 am
WRT v. Duck Lake (Adv. No. 97AP-5018)	Lien Avoidance Action (Section 545)	Effectively off calendar; claim obj. as to secured nature of claim under advisement
WRT v. Russell Resources, et al. (Adv. No. 97AP-5017)	Lien Avoidance Action (Section 545)	Rendered moot by disallowance of claims in full response to claims objections; counterclaims of defendants abstained from; Notice of Appeal filed by defendants

</TABLE>

CONTESTED MATTERS:

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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
Court, WRT, Plaintiffs from Securities Litigation	Unsealing of Supplement to Examiner's Report	WRT to release certain docs upon execution of appropriate confid. agmt.
WRT v. Plains Marketing	2004 exam. -- Plains = WRT's ex-oil purchaser	Negotiated confid. agmt. to be executed and approved by Bankruptcy Court in order for Plains to cooperate
Exxon v. WRT	Mtn for Allowance of Admin. Expense for Unpaid Royalties	Motion granted; pending agmt as to form of order

</TABLE>

PARTIES	NATURE OF DISPUTE	STATUS
WRT v. Amerada Hess	Claim Objection	Trial hearing continued -- date left open
WRT v. Continental Land & Fur	Claim Objection	Under advisement as to post-petition royalty piece of claim; claim duplicative of claim compromised as admin claim; awaiting response from Brent Barriere re disposition of proof of claim as a result of settlement; if POC not eliminated and WRT does not recover Tri-Deck funds, issue remains as to whether remaining royalties -- secured or unsec. claim
WRT v. LLOG	Claim Objection	Under advisement as to site restoration claim and status of entire claim as secured v. unsec.
WRT v. Unclassified Secured Claimants	1141 Lien Stripping Motion	Adverse ruling entered by Bankruptcy Court; to be appealed
Pigeon Land v. WRT	Mtn for allowance & prnt of admin. claim	Mtn granted; dispute as to form of order; awaiting word as to date/time of hearing/telephone conf. with Court to resolve dispute as to form of order
WRT v. Dennis & Crystal Landry	Claim Objection	Off trial calendar; proposed form of order permitting liquid. of claim in state court per Class D-2 of plan submitted to opposing counsel & awaiting signature for submission to

<TABLE>
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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
CXY v. WRT	Mtn for allowance & pmt of admin. claim	Hearing 7/15/97 @ 10:00 am; unopposed mtn for continuance filed by CXY - proposing 10/7/97 as new hearing date; outstanding document request still being fulfilled by WRT
WRT v. CXY	Claim Objection	Hearing 7/15/97 @ 10:00 am; unopposed mtn for continuance filed (see above)
WRT v. CXY	Mtn to Assume JOA, Reject Gas Sched. Agmt	Hearing 7/15/97 @ 10:00 am; unopposed mtn for continuance filed (see above)
WRT v. Duck Lake	Claim Objection	Under advisement
WRT v. Eugene Russell	Claim Objection	WRT's summary judgment granted disallowing claim in full; Notice of Appeal filed 7/3
WRT v. Russell Resources	Claim Objection	WRT's summary judgment granted disallowing claim in full; Notice of Appeal filed 7/3
WRT v. Griffins	Claim Objection	WRT's summary judgment granted disallowing claim in full; Notice of Appeal filed 7/3
Perry Gas v. WRT	Mtn for allowance of admin. claim	Reasons for Decision entered granting motion in an amount = approx. $64,400; Perry Gas to submit form of order
WRT v. Ambar, Inc.	Claim Objection	Hearing 8/12/97 @ 8:00 am
WRT v. Suard Barge	Claim Objection	Hearing 8/12/97 @ 8:00 am

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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
WRT v. Inland Marine	Claim Objection	Hearing 8/12/97 @ 8:00 a.m.
WRT v. Settoon, Inc.	Claim Objection	Hearing 8/12/97 @ 8:00 a.m.
WRT v. Settoon Marine, Inc.	Claim Objection	Hearing 8/12/97 @ 8:00 a.m.
WRT v. Petro Rentals	Claim Objection	Hearing 8/12/97 @ 8:00 a.m.
WRT v. Patterson Marine	Claim Objection	Hearing 8/12/97 @ 8:00 a.m.

</TABLE>

OTHER KNOWN LITIGATION:

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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
Berniece B. Wright, et al. v. WRT et al., S.D.N.Y.	Class Action Securities Litigation	Pending SDNY - WRT severed into separate case; no class certified; WRT effectively not represented due to Porter & Hedges' withdrawal; case should be dismissed upon consummation of Plan
Thibodeaux v. WRT et al., Cause No. 116977, 32nd Jud. Dist. Ct., Terrebonne Parish, La.	Personal Injury	WRT's state counsel = Jim Carrol; relief from auto. stay granted to permit liquidation of claim subject to satisfaction

		as Class D-2 claim
Dennis & Crystal Landry v. WRT et al., Cause No. 10-13933, 38th Jud. Dist. Ct., Cameron Parish, La.	Personal Injury	WRT's state counsel = Trey Sundmaker; form of agreed order permitting case to go forward sent to opposing counsel; claim subject to satisfaction as Class D-2 claim.

</TABLE>

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PARTIES	NATURE OF DISPUTE	STATUS
<S>	<C>	<C>
Muller v. WRT et al., Cause No. 484-091, 24th Jud. Dist. Ct., Jefferson Parish, La.	Tortious Interference with Contract	Claim disallowed in bankruptcy; state law case should be dism'd as a result; WRT's state law counsel = James Irvin.
Breaux v. So. Gulf, et al.	Personal Injury	Unknown, other than fact stayed by bankruptcy; state counsel = Thomas Juneau

</TABLE>

NON-CONTESTED MATTERS:

<TABLE>
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MOVANT	NATURE OF MOTION	STATUS
<S>	<C>	<C>
Jefferies & Company, Inc.	Final Fee Application	Hearing - 7/15/97 @ 8:00 am
Farnsworth & vonBerg	Second Interim Fee App	Hearing - 7/29/97 @ 8:00 am
Charles H. Robertson	Final Fee Application	Hearing - 7/29/97 @ 8:00 am
WRT	Exercise of option purchase Vortoil equip.	Motion granted; Bill of Sale must be executed by Baker Hughes Process Systems
WRT	Motion to Assume	Conditional motions filed as to oil & gas leases held by State of Louisiana and LaFourche Parish School Board; need to withdraw motions now that oil & gas lease appeal dismissed.
Milam Royalty Corp.	Motion for allowance of admin. claim	Form of order submitted to Court for disallowance of claim as moot due to approval of compromise; awaiting entry by Court

</TABLE>

In providing the foregoing, I have made every effort (given the shortness of time and the numerous other urgencies in concluding the closing) to include every pending item of litigation. However, I cannot guaranty the complete accuracy of the above listing. Should you have any questions or concerns, please feel free to give me a call.

Very truly yours,

/s/ E. LEE MORRIS

E. Lee Morris

ELM\per
16397.001

cc: Joel P. Kay, Esq. [Firm]
Stephen W. Lemmon, Esq. [Firm]
Katherine T. Mize, Esq. [Firm]
J. Casey Roy, Esq. [Firm]

Mr. Raymond P. Landry
Mark A. Broude, Esq.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), made and entered into as of this 10th day of July, 1997, to be effective as of the Effective Date, hereinafter defined ("Effective Date"), by and between WRT ENERGY CORPORATION (WRT"), a Delaware corporation, with an address of 3303 FM 1960 West, Houston, Texas 77068 ("Employer"), and RAYMOND P. LANDRY, an individual residing at 10334 Briar Drive, Houston, Texas 77042 ("Employee").

W I T N E S S E T H:

WHEREAS, Employer is engaged in exploration, development and production of crude oil and natural gas.

WHEREAS, Employee is an executive officer and a key employee of Employer and is highly experienced in the management and conduct of the business of Employer.

WHEREAS, Employer is desirous of entering into an agreement with Employee, whereby said Employee will be employed by Employer; and

WHEREAS, Employee is willing to enter into this Agreement with Employer.

NOW, THEREFORE, for and in consideration of the conditions hereinbelow to be performed on the part of the respective parties hereto, and in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby jointly and severally agreed by and between Employer and Employee as follows, to-wit:

1. EMPLOYMENT. Employer hereby employs Employee to render the services and perform the duties described below for Employer, and Employee hereby accepts employment with Employer, upon the terms and conditions hereinafter set forth.

2. TERM OF EMPLOYMENT. Subject to the provisions on termination of employment contained in paragraph 8 herein, the term of the employment provided for herein of Employee by Employer shall be for a period of two (2) years, beginning on the Effective Date of this Agreement and ending on the date which is the last day prior to the second (2nd) anniversary of the Effective Date. In its discretion, Employer may extend Employee's term of employment beyond two years.

3. DUTIES. Employee shall devote all of his business time exclusively to the Employer's business and shall render services to the Employer to the best of his ability for and on behalf of the Employer. The Employee shall comply with all laws, statutes, ordinances, rules and regulations relating to the performance of services for the Employer under this Agreement. During the term of this Agreement, the Employee shall not, at any time or place, directly or indirectly engage in the same business in which the Employer is engaged for any other person or entity to any extent whatsoever, other than to the extent required by the terms and conditions of this Agreement, or as a private investor for his own account, so long as such investment activities do not interfere with the performance of Employee's duties during the term of this Agreement. The designation by Employer's Board of Directors of any other duties or any corporate office, position or title for Employee during the term of this Agreement shall not affect Employee's compensation as provided for herein. It is expressly understood by Employer and Employee that nothing within this Employment Agreement shall prevent or in any way limit Employee from accepting directorships with other corporate entities.

4. COMPENSATION.

a. During the term of this Agreement, the Employee shall be paid an annual base salary by Employer for the services rendered to Employer by Employee, as described above, in the amount of ONE HUNDRED FIFTY SIX THOUSAND AND NO/100 DOLLARS ($156,000.00) per year. This

salary shall be payable to Employee in twelve (12) monthly installments of THIRTEEN THOUSAND AND NO/100 ($13,000) per month for each month during which services are rendered by Employee to Employer during the term of this Agreement.

b. Employer shall pay Employee the amount determined in subparagraph a, above, on a monthly basis on the first day of each month, subject to normal salary deductions for the amount so owing, including, but not limited to, Social Security, Medicare, Federal and state income withholding taxes. Employee's base salary may be increased in the future, from time to time, by the action of Employer's Board of Directors, based upon Employee's performance and other relevant factors and Employer's Board of Directors will review Employee's salary for the purposes of determining any appropriate increase in the base salary of Employee at least annually. In addition, Employer may, from time to time, enter into supplemental agreements or memoranda in writing with Employee for the award and payment to him of additional compensation or bonuses upon such terms and conditions as Employer shall deem to be in its best interest and, in the event of the execution by Employer of any such agreement or memorandum, the right of Employee to additional compensation or bonuses shall be determined in accordance with the applicable provisions thereof. In the absence of any such supplemental agreements or memoranda, Employer shall not be obligated to pay to Employee any additional compensation or bonus whatsoever, irrespective of the payments of additional compensation or bonus to Employee in any past or succeeding year, or the payment of additional compensation or bonus to other employees of Employer at the end of the year, but may do so in the sole discretion of Employer's Board of Directors, and the determination of Employer's Board of Directors, in the exercise of such discretion, with respect to the payment and amount of any additional compensation or bonus to Employee for any fiscal year of Employer if made, shall be final and conclusive.

5. GRANTING OF INCENTIVE STOCK OPTIONS. As an additional inducement to Employee to enter into this Agreement with Employer and to render his services to Employer and as additional compensation to him for services to be rendered under the provisions of this Agreement, Employer has agreed to grant to Employee incentive stock options to acquire 60,000 shares of Employer's Common Stock at $3.50 per share. The stock options are

to be granted by Employer to Employee pursuant to a stock option plan to be established by Employer.

6. ADDITIONAL EMPLOYEE BENEFITS. In addition to the annual base salary, provided above, Employer agrees to provide to Employee, or reimburse Employee for, all benefits and expenses now in existence or as may hereafter be conferred by Employer to all of its executive employees. Such benefits include, at a minimum, health insurance, life insurance, vacation for three weeks per year and 401(k) participation.

7. CONFIDENTIAL INFORMATION.

a. Employee acknowledges that in the Employee's employment hereunder, the Employee will be making use of, acquiring and adding to the Employer's trade secrets and its confidential and proprietary information unique to Employer regarding its business operations, financial affairs, list of investors and prospective investors, and technology which Employee gained after the Effective Date. The Employee acknowledges that such confidential information has been and will continue to be of central importance to the business of Employer and that disclosure of it to or its use by others could cause substantial loss to Employer. Accordingly, during the initial term and any renewal term of this Agreement and for a period of two (2) years from and after leaving the employ of Employer for any reason whatsoever, the Employee shall not, for any purpose whatsoever, directly or indirectly, divulge or disclose to any person or entity any of such confidential information which was obtained by Employee as a result of Employee's employment with Employer or any trade secrets of the Employer, but shall hold all of the same confidential and inviolate.

b. All contracts, agreements, financial books,

records, instruments and documents; investor lists; memoranda; data; reports; programs; software; tapes; Rolodexes; telephone and address books; letters; research; cardex; listings; programming; and any other instruments, records or documents relating or pertaining to the business of the Employer (collectively the "Records") shall at all times be and remain the property of Employer. Upon termination of this Agreement and the Employee's employment under this Agreement for any reason whatsoever, the Employee shall return to Employer all Records (whether furnished by Employer or prepared by Employee).

c. All inventions and other creations, whether or not patented or copyrightable, and all ideas, reports and other creative works, including, without limitation, computer programs, manuals and related materials, made or conceived in whole or in part by the Employee while employed by the Employer which relate in any manner whatsoever to the business, existing or proposed, of Employer or any other business or research or development effort in which Employer or any of its subsidiaries or affiliates engages in during Employee's employment by Employer will be disclosed promptly by the Employee to the Employer and shall be the sole and exclusive property of Employer.

8. TERMINATION OF EMPLOYMENT.

a. Employer may terminate the employment of Employee under this Agreement with or without cause at anytime during the term of this Agreement to be effective not less than sixty (60) days from delivery of written notice of such termination by Employer to Employee. Likewise, Employee may voluntarily terminate his employment under this Agreement with Employer, with or without cause, effective not less than sixty (60) days from delivery of written notice of such termination by Employee to Employer. Upon termination of the Employee's employment under this Agreement pursuant to this paragraph 8.a, neither party shall thereafter have any further rights, duties or obligation under this Agreement, except as otherwise specifically provided hereunder, but each party shall remain liable and responsible to the other for all prior obligations and duties hereunder, for all acts and omissions of such party, its agents, servants and employees prior to such termination.

b. If Employee is terminated under this Agreement by Employer with or without cause pursuant to the provisions of this paragraph or otherwise, then and in that event, Employer shall be required to pay to Employee within ten (10) days of the effective date of the termination of the Employee's employment under this Agreement, an aggregate amount equal to the remaining portion of the term of Employee's employment pursuant to paragraph 2 of this Agreement of his then current base salary as set forth and described in paragraph 4a of this Agreement and Employee shall be entitled to the incentive stock options set forth and described in paragraph 5 of this Agreement and as set forth and described in the Stock Option Agreement attached hereto as Exhibit A.

9. BINDING ARBITRATION. Unless both Employer and Employee expressly agree otherwise in writing, all disputes relating to this Agreement, or any breach thereof or the meaning and effect of any term and provisions hereof, shall be submitted to binding arbitration by Employer and Employee pursuant to Texas law and in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

10. EFFECTIVE DATE. This Agreement shall become effective as of the Effective Date as defined in the Plan of Reorganization, as amended, filed in Case No. 96-BK-50212 in the Western District of Louisiana, Lafayette-Opelousas Division.

11. MISCELLANEOUS PROVISIONS.

a. This Agreement shall be binding upon, and shall inure to the benefit of Employer and Employee, and their respective heirs, personal and legal representatives, successors and assigns.

b. It is understood and agreed by the parties hereto that the construction and interpretation of this Agreement shall at all times and in all respects be governed by the laws of the State of Texas.

c. All notices required or permitted herein must be in writing and shall be deemed to have been duly given on the date of service if served personally or by telecopier, telex, or other similar communication to the party or parties to whom notice is to be given, on the next day if notice is effected by overnight mail service, or on the third business day after mailing, if mailed, to the party or parties to whom notice is to be given by registered or certified mail, return receipt requested, postage prepaid, to the address of such party, as set forth in the first paragraph of this Agreement, or to such other addresses as any party to this Agreement may designate to the other from time to time for this purpose. Any communication which is mailed by overnight mail or sent by telecopier or telex shall be confirmed immediately, but failure to so confirm shall not affect the effectiveness of such notice from and after the day on which such notice is actually received.

d. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

e. This Agreement contains the entire agreement and understanding by and between Employer and Employee with respect to Employee's employment by Employer as herein described, and supersedes all prior agreements and understandings between the parties to this Agreement, relating to the subject matter of this Agreement. No change or modification of this Agreement shall be valid or binding unless the same is in writing and signed by the party intending to be so bound. No waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the party against whom such waiver is sought to be enforced. Moreover, no valid waiver of any provision of this Employment Agreement, at any time, shall be deemed to be a waiver of any other provision of this Employment Agreement at such time, or will be deemed a valid waiver of such provision at any other time.

f. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

12. Time shall be of the essence with respect to the performance by the parties hereto of their respective obligations hereunder.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement as of the day and year first above written to be effective on the Effective Dates.

WRT ENERGY CORPORATION,
a Delaware corporation

By:

"EMPLOYER"

RAYMOND P. LANDRY

"EMPLOYEE"

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