

Lot #	
Property Name*	ROBERTS W R FEE 053969 MF
County/Parish*	Nueces
State*	Texas
Tract*	
Sec.-Twp-Rng. OR Sec-Blk-Survey OR Legal Desc.*	0.43 acre of land, more or less, in the Wm. R. Roberts Survey, A-1457, Nueces County, Texas, and being the same land described in Deed dated June 14, 1911, from Wm. R. Roberts to The Texas Company, recorded in Volume 73, Page 169, Deed Records of said County.
Undivided Interest*	100%
Net Acres*	0.43
Gross Acres*	0.43
Other Outstanding Obligations Including mortgages, liens(Y/N)*	
If Yes describe	
Participating (Executive Rights, Bonus, Rents, and Royalty)(Y/N)	Y
Non-Participating (Royalty Only)(Y/N)	N
Perpetual or Term Interest	Perpetual
If Term, Give Duration	
Depth Restrictions? (Y/N)	N
If Yes describe	
Source Document (Vol, Page)	Deed dated 6-14-11, from Wm R. Roberts to The Texas Company, recorded in Volume 73, Page 169, Deed Records, Nueces Co. TX.
Subject to Current Lease (Y/N)	N
Current Lease: (Vol, Page)	
Current Lease: Primary Term	
Current Lease: Royalty	
Current Lease: Pugh Clause	
Current Lease: Partially Released	
Current Lease: Status	
Current Lease: Operator	
Current Lease: Well Name	
Current Lease: API No.	
Current Lease: Unit Description	
Current Lease: Unit Participation Factor	
Current Lease: Average Monthly Revenue Last 6 Mo.	
Farmed Out or Participated (Y/N)	
Subject to Operating Agreement (Y/N)	
Force Pooled? (Y/N) If so describe below	
Force Pooled Description: Date, Order# and Election	
Surface Rights to Above Tract Included	INGRESS AND EGRESS
Additional Information	LIS 053969 FileNet TX178130 Includes oil, gas and other minerals.
Seller Name	

Lot #	
Property Name*	SANTA CLARA ROYALTY CO DRISCOLL RNCH FEE 052709 MF
County/Parish*	Nueces
State*	Texas
Tract*	
Sec.-Twp-Rng. OR Sec-Blk-Survey OR Legal Desc.*	80 acres of land, more or less, being the W/2 of the NW/4 of Section 131 of the George H. Paul Subdivision of the Driscoll Ranch, as shown by map thereof recorded in Volume A, Page 81, of the Map Records, Nueces County, Texas.
Undivided Interest*	25%
Net Acres*	20
Gross Acres*	80
Other Outstanding Obligations Including mortgages, liens(Y/N)*	
If Yes describe	
Participating (Executive Rights, Bonus, Rents, and Royalty)(Y/N)	Y
Non-Participating (Royalty Only)(Y/N)	N
Perpetual or Term Interest	Perpetual
If Term, Give Duration	
Depth Restrictions? (Y/N)	N
If Yes describe	
Source Document (Vol, Page)	Deed dated 12-10-1940 from Santa Clara Royalty Corporation to Wellington Oil Company, recorded in Volume 60, Page 480, Oil and Gas Records, Nueces County, Texas.
Subject to Current Lease (Y/N)	N
Current Lease: (Vol, Page)	
Current Lease: Primary Term	
Current Lease: Royalty	
Current Lease: Pugh Clause	
Current Lease: Partially Released	
Current Lease: Status	
Current Lease: Operator	
Current Lease: Well Name	
Current Lease: API No.	
Current Lease: Unit Description	
Current Lease: Unit Participation Factor	
Current Lease: Average Monthly Revenue Last 6 Mo.	
Farmed Out or Participated (Y/N)	
Subject to Operating Agreement (Y/N)	
Force Pooled? (Y/N) If so describe below	
Force Pooled Description: Date, Order# and Election	
Surface Rights to Above Tract Included	
Additional Information	LIS 052709 File Net TX 1679 Includes oil, gas and other minerals. TITLE NOTE: THIS MINERAL FEE COVERS RIGHTS BELOW THE STRATIGRAPHIC EQUIVALENT DEPTH OF 9,152 FEET, as would be seen in the Texaco No. 1 Flinn Gas Unit well located 660 feet FNWL and 1,650 feet FSWL of Section 126, George H. Paul Subdivision of the Driscoll Ranch, Santa Petronilla Grant, A-63, Nueces County, Texas. The shallow mineral rights were sold by Texaco effective 1-1-92.
Seller Name	

Lierle Public Relations

U.S. Lease Price Report

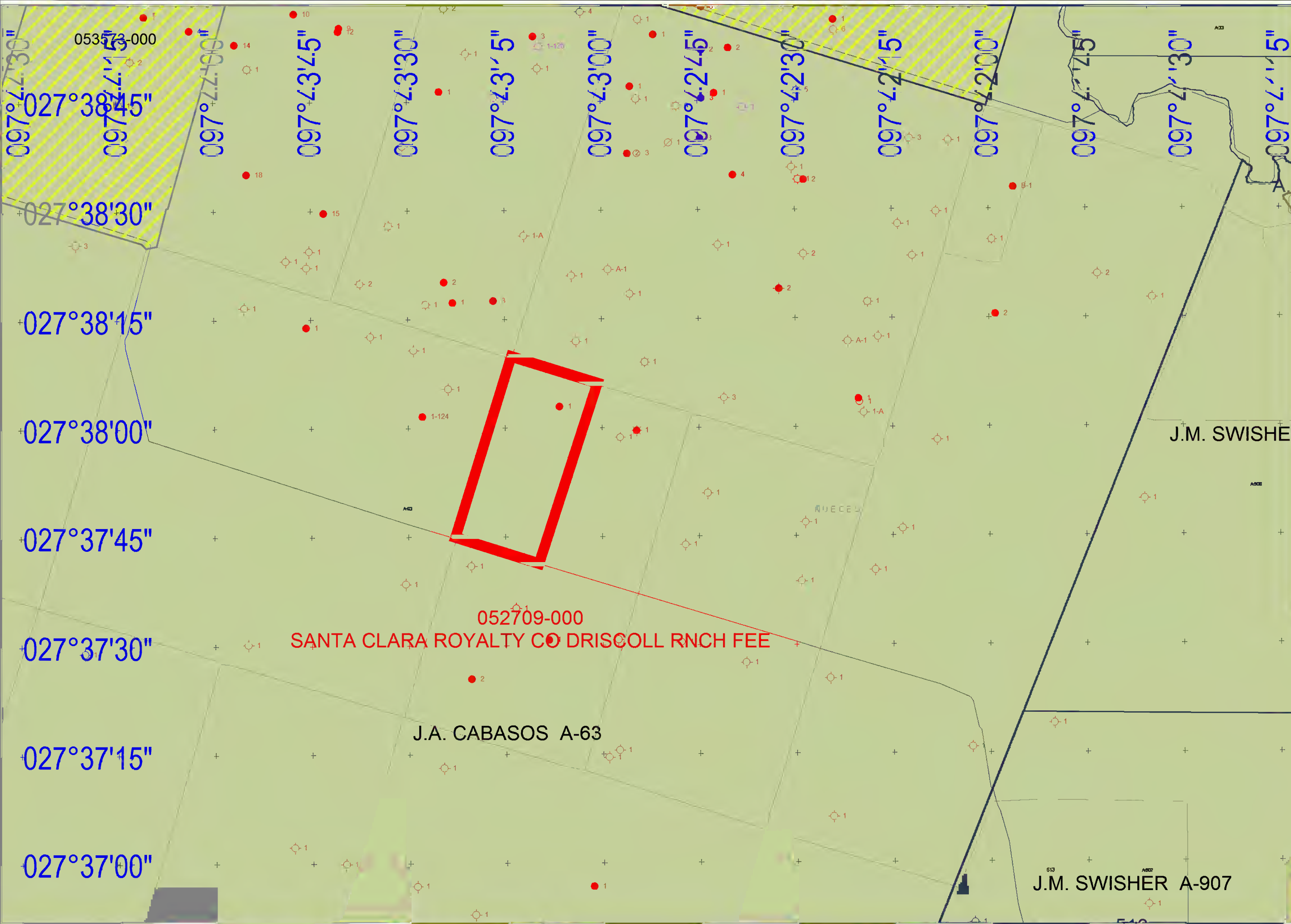
U.S. LEASE PRICE REPORT May – June, 2006, Page 9. REGION #3 EAST TEXAS cont'd.

State	County		Bonus in \$\$ per Acre				Royalty Range		Rental Range \$/Acre/Yr.		Lease Term Years	
	Sub.		Act	Low	High	Most Common	Low%	High%	Low	High	Low	High
TX		ARANSAS		50.00	100.00	75.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		ATASCOSA		5.00	50.00	35.00	12.50	18.75	1.00	3.00	3.00	5.00
TX		AUSTIN	x +	75.00	500.00	100.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		BANDERA		10.00	25.00	15.00	12.50	16.67	1.00	1.00	5.00	5.00
TX		BASTROP		20.00	50.00	30.00	16.67	18.75	1.00	3.00	3.00	5.00
TX		BEE		50.00	100.00	65.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		BELL		10.00	35.00	17.50	12.50	16.67	1.00	1.00	5.00	5.00
TX		BEXAR		10.00	35.00	15.00	12.50	18.75	1.00	5.00	5.00	5.00
TX		BLANCO		7.50	10.00	7.50	12.50	12.50	1.00	1.00	5.00	10.00
TX		BRAZORIA		75.00	150.00	125.00	16.67	25.00	5.00	15.00	1.00	5.00
TX		BRAZOS		100.00	800.00	140.00	16.67	25.00	5.00	50.00	3.00	5.00
TX		BROOKS		35.00	100.00	65.00	16.67	25.00	5.00	10.00	2.00	5.00
TX		BURLESTON		75.00	800.00	125.00	16.67	25.00	5.00	25.00	3.00	5.00
TX		BURNET		5.00	12.50	10.00	12.50	12.50	1.00	1.00	5.00	10.00
TX		CALDWELL		20.00	75.00	30.00	16.67	18.75	1.00	3.00	3.00	5.00
TX		CALHOUN		50.00	100.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		CAMERON		25.00	100.00	50.00	16.67	25.00	3.00	5.00	3.00	5.00
TX		CHAMBERS		75.00	200.00	100.00	16.67	30.00	5.00	25.00	0.50	5.00
TX		COLORADO		75.00	175.00	110.00	16.67	25.00	5.00	25.00	3.00	5.00
TX		COMAL		10.00	15.00	12.50	12.50	16.67	1.00	2.00	5.00	10.00
TX		DEWITT		50.00	125.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		DIMMUT		35.00	150.00	75.00	12.50	25.00	2.00	5.00	3.00	5.00
TX		DUVAL		50.00	158.00	75.00	16.67	25.00	3.00	10.00	1.00	5.00
TX		EDWARDS		10.00	50.00	20.00	12.50	18.75	1.00	1.00	5.00	5.00
TX	N2	FAYETTE		100.00	250.00	135.00	16.67	25.00	5.00	35.00	3.00	5.00
TX	S2	FAYETTE		50.00	125.00	75.00	16.67	20.00	5.00	20.00	3.00	5.00
TX		FORT BEND		50.00	200.00	100.00	16.67	25.00	5.00	15.00	1.00	5.00
TX		FRIO		35.00	200.00	90.00	18.75	18.75	10.00	10.00	3.00	5.00
TX		GALVESTON		75.00	150.00	125.00	16.67	25.00	5.00	15.00	1.00	3.00
TX		GILLESPIE		5.00	12.50	10.00	12.50	16.67	1.00	1.00	5.00	10.00
TX		GOLIAD		50.00	100.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		GONZALES		100.00	300.00	150.00	18.75	25.00	2.00	5.00	3.00	5.00
TX		GRIMES		100.00	175.00	110.00	16.67	25.00	5.00	25.00	3.00	5.00
TX		GUADALUPE		100.00	300.00	100.00	18.75	25.00	2.00	5.00	3.00	5.00
TX		HARDIN		75.00	250.00	100.00	16.67	25.00	5.00	35.00	3.00	5.00
TX		HARRIS		75.00	200.00	110.00	16.67	25.00	5.00	35.00	3.00	5.00
TX		HAYS		10.00	20.00	15.00	12.50	16.67	1.00	2.00	5.00	5.00
TX		HIDALGO		10.00	125.00	75.00	16.67	25.00	3.00	10.00	2.00	5.00
TX		JACKSON		50.00	150.00	75.00	16.67	25.00	5.00	20.00	2.00	5.00
TX		JASPER		50.00	125.00	75.00	16.67	25.00	5.00	25.00	3.00	5.00
TX		JEFFERSON	x +	75.00	250.00	150.00	16.67	25.00	5.00	50.00	3.00	5.00
TX		JIM HOGG	x +	50.00	200.00	75.00	16.67	25.00	3.00	10.00	2.00	5.00
TX		JIM WELLS		50.00	100.00	60.00	16.67	25.00	3.00	10.00	1.00	5.00
TX		KARNES		50.00	100.00	75.00	16.67	20.00	5.00	10.00	2.00	5.00
TX		KENDALL		5.00	15.00	7.50	12.50	16.67	1.00	1.00	5.00	10.00
TX		KENEDY		50.00	75.00	60.00	16.67	25.00	3.00	10.00	2.00	5.00
TX		KERR		5.00	15.00	7.50	12.50	16.67	1.00	1.00	5.00	10.00
TX		KINNEY		5.00	25.00	15.00	12.50	16.67	1.00	1.00	5.00	10.00
TX		KLEBERG		50.00	120.00	60.00	16.67	25.00	3.00	10.00	2.00	5.00
TX		LA SALLE		35.00	150.00	75.00	12.50	20.00	2.00	5.00	3.00	5.00
TX		LAVACO		50.00	300.00	75.00	16.67	20.00	5.00	10.00	2.00	5.00
TX		LEE		75.00	225.00	125.00	16.67	25.00	5.00	35.00	3.00	5.00
TX		LIBERTY		50.00	150.00	75.00	16.67	25.00	5.00	15.00	1.00	5.00
TX		LIVE OAK		50.00	125.00	75.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		LLANO		5.00	10.00	7.50	12.50	12.50	1.00	1.00	5.00	10.00
TX		MADISON		75.00	125.00	85.00	16.67	20.00	5.00	15.00	3.00	5.00
TX		MASON		5.00	10.00	7.50	12.50	12.50	1.00	1.00	5.00	10.00
TX		MATAGORDA		75.00	20.00	125.00	16.67	25.00	10.00	20.00	1.00	5.00
TX		MAVERICK		15.00	150.00	35.00	12.50	25.00	1.00	1.00	3.00	5.00
TX		MCMULLEN		75.00	150.00	100.00	18.75	25.00	10.00	10.00	3.00	3.00
TX		MEDINA		10.00	25.00	15.00	12.50	16.67	1.00	2.00	5.00	10.00
TX		MILAM		10.00	25.00	15.00	12.50	16.67	1.00	1.00	5.00	5.00
TX		MONTGOMERY		4.00	150.00	55.00	16.67	25.00	5.00	30.00	3.00	5.00
TX		NEWTON		50.00	250.00	75.00	16.67	25.00	5.00	25.00	5.00	5.00
TX		NUECES	x +	50.00	510.00	200.00	16.67	25.00	5.00	10.00	1.00	5.00
TX		ORANGE		65.00	225.00	100.00	16.67	25.00	5.00	50.00	3.00	5.00
TX		POLK		50.00	226.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		REAL		10.00	25.00	15.00	12.50	16.67	1.00	1.00	5.00	5.00
TX		REFUGIO		50.00	100.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		SAN JACINTO		7.00	125.00	60.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		SAN PATRICIO		50.00	100.00	75.00	16.67	25.00	5.00	10.00	3.00	5.00
TX		STARR		50.00	150.00	75.00	16.67	25.00	5.00	10.00	2.00	5.00
TX		TRAVIS		10.00	50.00	20.00	12.50	16.67	1.00	1.00	5.00	5.00
TX		TRINITY		3.00	150.00	70.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		TYLER	x +	50.00	175.00	150.00	16.67	20.00	5.00	10.00	3.00	5.00
TX		UVALDE		5.00	25.00	15.00	12.50	16.67	1.00	1.00	5.00	10.00
TX	S/2	VAL VERDE		10.00	40.00	25.00	12.50	16.67	1.00	1.00	3.00	5.00
TX	N/2	VAL VERDE		25.00	75.00	45.00	16.67	18.75	1.00	1.00	3.00	5.00
TX		VICTORIA		35.00	100.00	60.00	16.67	25.00	5.00	10.00	2.00	5.00
TX		WALKER		2.00	152.00	100.00	16.67	20.00	5.00	10.00	3.00	5.00

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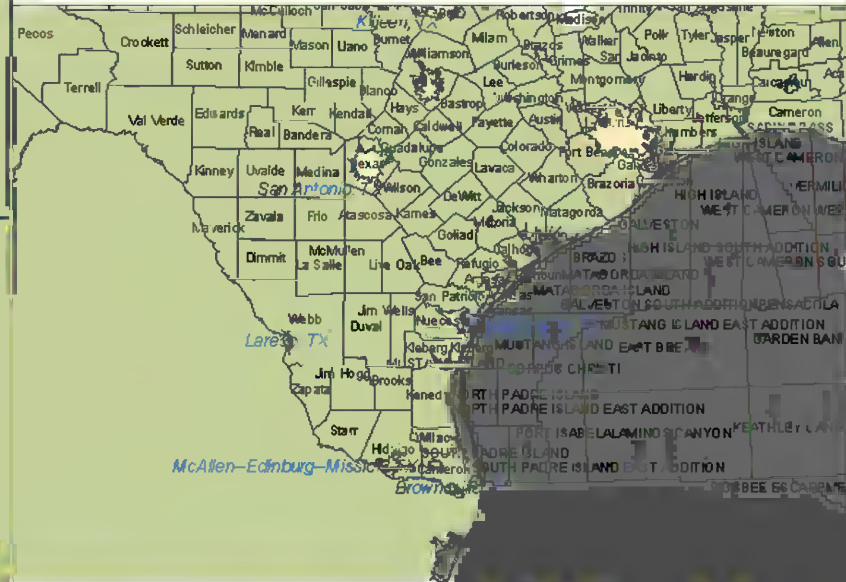
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U.S. Lease Price Report
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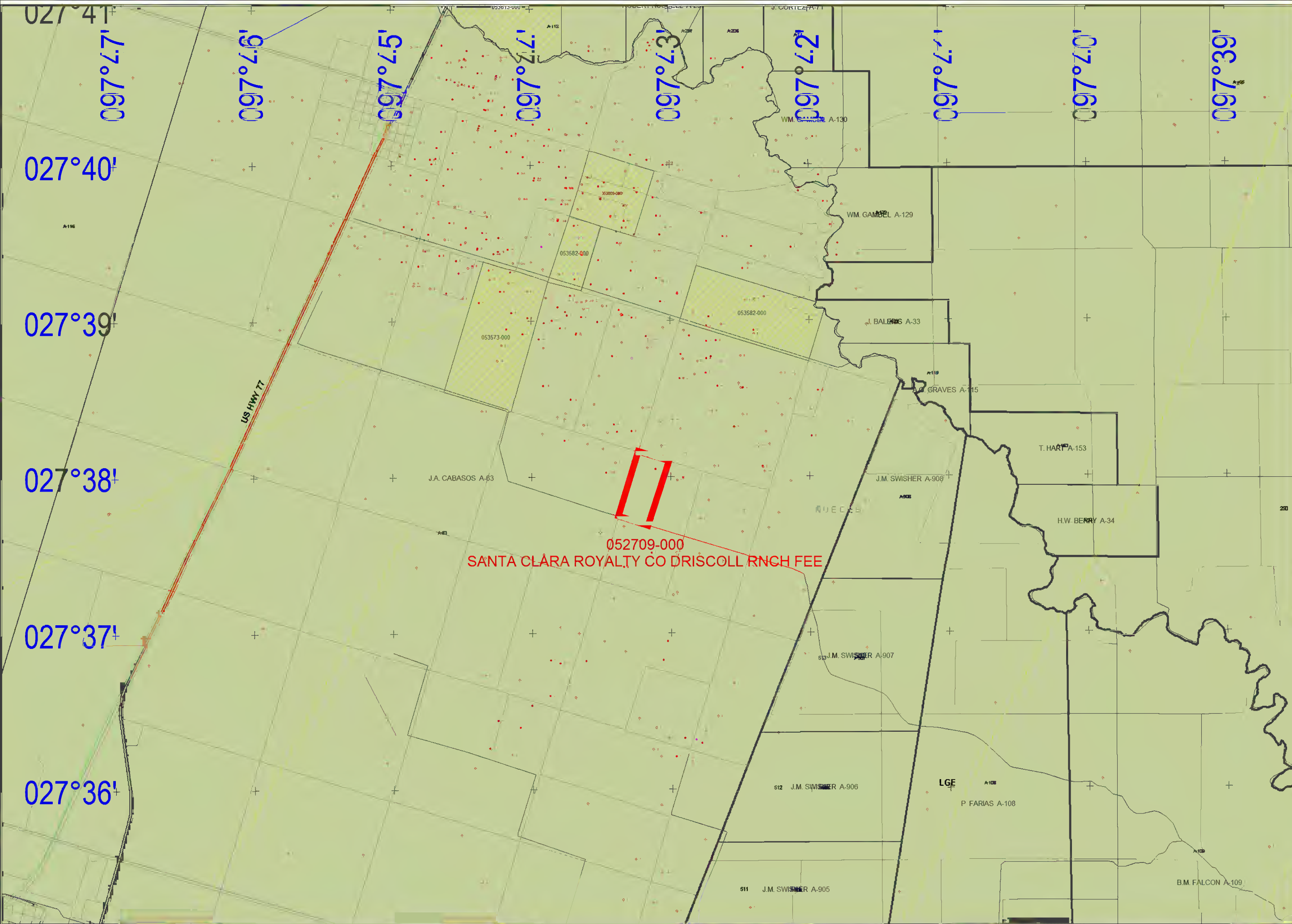
LEGEND

- Culture: Background: All
- Airports
 - Pipelines
 - Railways
 - Roads and highways
 - {Other}
- Grid: Tobin: Texas Abstract (SDE)
- Grid: Tobin: Texas Section (SDE)
- Land: Fee (LIS)
- Land: Leases (LIS)
- Wells: Competitor & Chevron (WPH)



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NUECES COUNTY, TEXAS



LEGEND

Culture: Background: All

- Airports
- Pipelines
- Railways
- Roads and highways
- {Other}

Grid: Tobin: Texas Abstract (SDE)



Grid: Tobin: Texas Section (SDE)



Land: Fee (LIS)

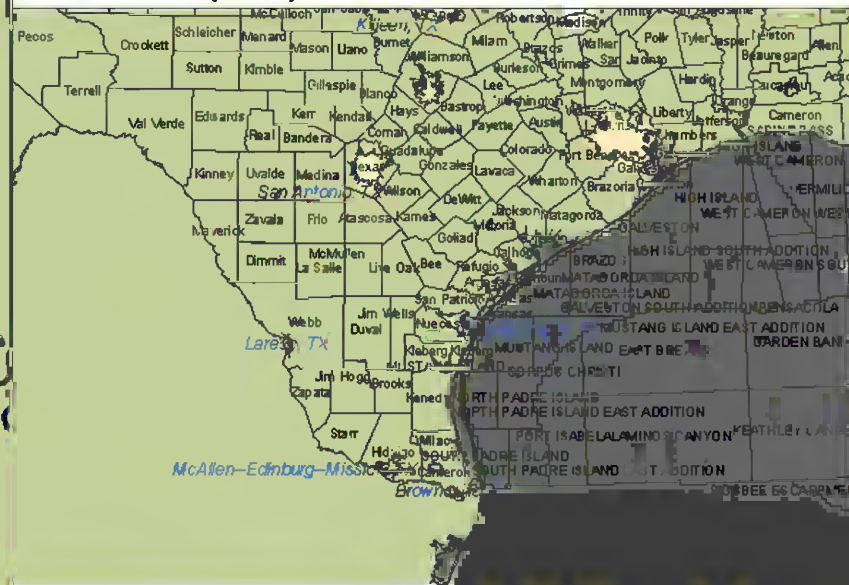
- Fee

Land: Leases (LIS)

- Oil & Gas Lease

Wells: Competitor & Chevron (WPH)

- Dry Hole
- Gas
- Injection
- Junked and Abandoned
- Oil
- Oil & Gas
- Suspended
- {Other}



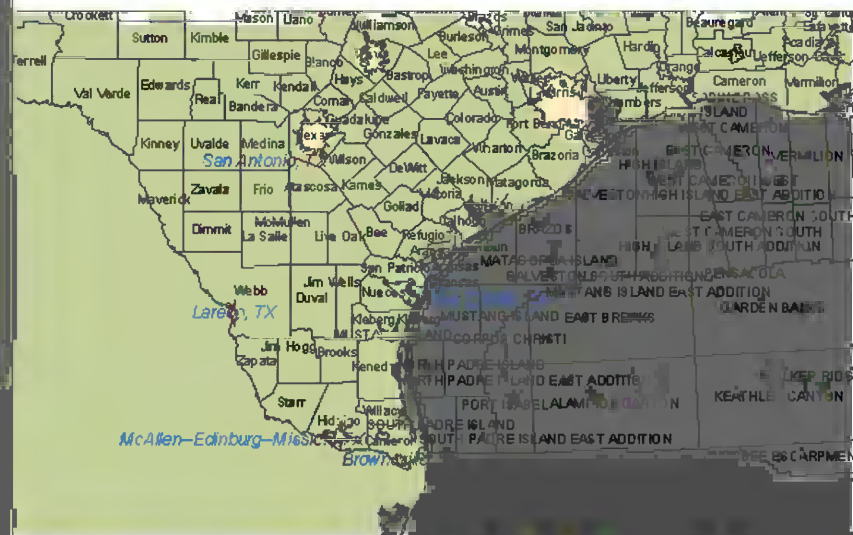
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NUECES COUNTY, TEXAS



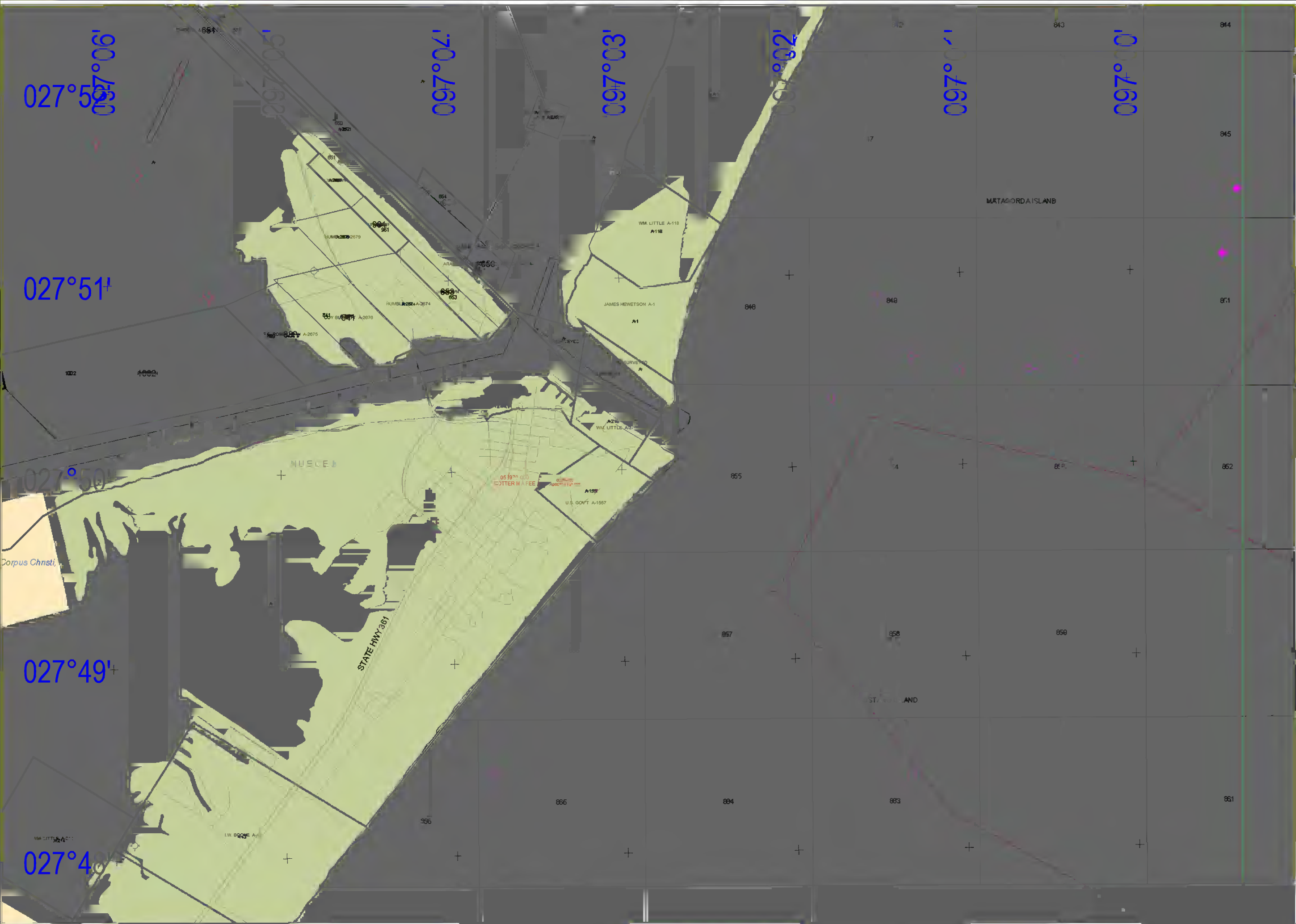
LEGEND

- Culture: Background: All
- Airports
 - Roads and highways
 - {Other}
- Grid: Tobin: Texas Abstract (SDE)
- Grid: Tobin: Texas Section (SDE)
- Land: Contracts (LIS)
- No objects
- Land: Fee (LIS)
- Fee
- Land: Leases (LIS)
- No objects
- Wells: Competitor & Chevron (WPH)
- Dry Hole
 - Gas
 - Junked and Abandoned
 - Oil
 - {Other}



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NU: C: S COUNTY, TEXAS



LEGEND

Culture: Background: All

- Airports
- Roads and highways
- {Other}

Grid: Tobin: Texas Abstract (SDE)



Grid: Tobin: Texas Section (SDE)



Land: Contracts (LIS)

- No objects

Land: Fee (LIS)

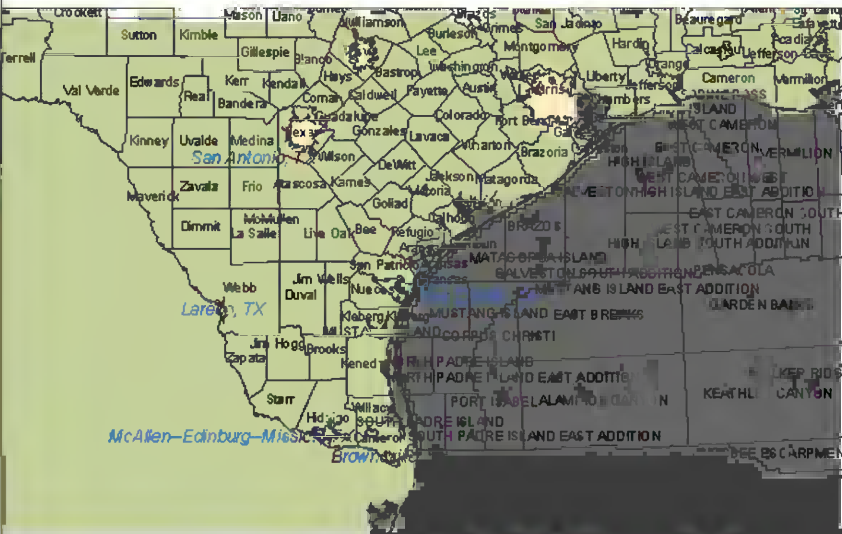
- Fee

Land: Leases (LIS)

- No objects

Wells: Competitor & Chevron (WPH)

- Dry Hole
- Gas
- Junked and Abandoned
- Oil
- {Other}



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NUECES COUNTY, TEXAS

R-1679

THE STATE OF TEXAS, }
 COUNTY OF BEXAR..... }

KNOW ALL MEN BY THESE PRESENTS:

THAT SANTA CLARA ROYALTY CORPORATION

hereinafter called Grantor,
 of Bexar County, Texas, for and in consideration of the sum of
TEN - c - - - - - Dollars (\$ 10.00) cash in hand paid by
WELLINGTON OIL COMPANY OF DELAWARE

hereinafter called Grantee, the receipt of which is hereby acknowledged, have granted, sold, conveyed, assigned and delivered, and by these presents do grant, sell, convey, assign and deliver unto the said Grantee, an undivided one-fourth interest in and to all of the oil, gas and other minerals in and under, and that may be produced from the following described land situated in Nueces County, Texas, to-wit:

The West one-half (W/2) of the Northwest one-quarter (NW/4) of Section No. One Hundred and Thirty-one (131), containing eighty (80) acres out of the Driscoll Pasture according to Map "C" of the Geo. H. Paul Subdivision of the Driscoll Ranch.

Together with the right of ingress and egress at all times for the purpose of mining, drilling and exploring said land for oil, gas and other minerals, and removing the same therefrom.

Said land being now under an oil and gas lease executed in favor of George B. Buescher

it is understood and agreed that this sale is made subject to the terms of said lease and/or any other valid lease covering same, but covers and includes one-fourth (1/4th) of all of the oil royalty and gas rental or royalty due and to be paid under the terms of said lease, in so far as it covers the above described land.

It is understood and agreed that one-fourth of the money rentals, which may be paid, on the above described land, to extend the term within which a well may be begun under the terms of said lease, is to be paid to the said Grantee; and, in event that the above described lease for any reason becomes canceled or forfeited, then and in that event, Grantee shall own one-fourth of all oil, gas and other minerals in and under said lands, together with a like () interest in all bonuses paid, and all royalties and rentals provided for in future oil, gas and mineral leases covering the above described lands.

TO HAVE AND TO HOLD the above described property, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee herein, and Grantee's successors, heirs and assigns forever; and Grantor does hereby binds itself, its successors, ~~heirs and assigns~~ ^{and assigns} to warrant and forever defend all and singular the said property unto the said Grantee herein, and Grantee's successors, heirs and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof

WITNESS our hands this the 10th day of December

1934

A T T E S T

SANTA CLARA ROYALTY CORPORATION

A. D. Larson, Secretary

By George M. Luhn
 Vice-President

1679-2

The State of Texas, } I, Mrs. Henry E. Gouger, Clerk of the County Court in and for said County, do hereby
County of Nueces. }
certify that the foregoing instrument
dated this 10 day of December 1941, with its certificate of
authentication, was filed for record in my office the 16 day of Jan, 1941,
at 8:00 o'clock A. M., and duly recorded the 24 day of Jan, 1941,
at 2:00 o'clock P. M., in oil & Gas Record of said
County, in Vol. 60, on Pages 480-81

Witness my hand and seal of the County Court of said County at office in Corpus Christi, Texas, the day
and year last above written.

By La Ruo Halper Deputy.

Mrs. Henry E. Gouger,
County Clerk, Nueces County.

known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me
privily and apart from her husband, and having the same fully explained to her, she, the said

acknowledged such instrument to be her act and deed, and
she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did
not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This day of, A. D. 19

(L. S.)

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public,

, in and for said County, Texas, on this day personally appeared
and

his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged
to me that they each executed the same for the purposes and consideration therein expressed, and the said

wife of the said

having been
examined by me privily and apart from her husband, and having the same fully explained to her, she, the said

acknowledged such instrument to be her act and deed, and she declared that
she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to
retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This day of, A. D. 19

(L. S.)

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public,

, in and for said County, Texas, on this day personally appeared
GEORGE M. LUHN, Vice-President of SANTA CLARA ROYALTY CORPORATION

known to me to be the person and officer
whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said
SANTA CLARA ROYALTY CORPORATION

a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein
expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This 10th day of December, A. D. 1940

(L. S.)

Evelyn Wheeler
Notary Public, Bexar County, Texas.

158441

MINERAL DEED
FROM

TO
COMPARED
MRS. HENRY E. GOUGER, County Clerk
NUECES COUNTY, TEXAS

Dated 193
No. Acres
County, Texas

Term
This Filed on Form Record on the
day of 16 O'clock 1941, at
and duly recorded in

MRS. HENRY E. GOUGER
County Clerk, Nueces County, Texas
By
County Clerk.

By
When recorded return to

MARTIN SWANNEY Co., Dallas
1108
San Antonio, Texas

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public,

_____, in and for said County, Texas, on this day personally appeared

known to me to be the person_____ whose name_____ subscribed to the foregoing instrument, and acknowledged to me that _____ he_____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This_____ day of _____, A. D. 19_____

(L. S.)

WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public,

_____, in and for said County, Texas, on this day personally appeared

_____, wife of _____ known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____

acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This_____ day of _____, A. D. 19_____

(L. S.)

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public,

_____, in and for said County, Texas, on this day personally appeared

_____ and _____ his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said _____

wife of the said _____ having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____ acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This_____ day of _____, A. D. 19_____

(L. S.)

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public,

_____, in and for said County, Texas, on this day personally appeared GEORGE M. LUHN, Vice-President of SANTA CLARA ROYALTY CORPORATION known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said SANTA CLARA ROYALTY CORPORATION

a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This 10th day of December, A. D. 1940

(L. S.)

Evelyn Wheeler
Notary Public, Bexar County, Texas.

158441

680

No. _____

MINERAL DEED

FROM

TO

COMPARED

MRS. HENRY E. GUGER, County Clerk
NUECES COUNTY, TEXAS

Dated _____, 193____

No. Acres _____

County, Texas

Term _____

This Filed For Record on the _____

day of Dec at 8:00 o'clock 1940, at _____

and duly recorded in _____

MRS. HENRY E. GUGER

County Clerk, Nueces County, Texas

By _____ Deputy

County Clerk.

By _____, Deputy

When recorded return to _____

MARTIN S. GUGER Co., Dallas

Wellington oil Co.
1108 S. 2nd St., Bldg.
San Antonio, Tex.

SALE AND ASSIGNMENT

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF NUECES

This Sale and Assignment is made and entered into by and between TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, herein represented by C. B. RALPH, its duly authorized Attorney in Fact, whose address is P. O. Box 60252, New Orleans, Louisiana 70160, Federal Tax I.D. No. 51-0265713, hereinafter referred to as "Assignor", and LUNDBERG OPERATING CO., INC., a Texas corporation, herein represented by C. A. Lundberg, its President, whose address is 545 Upper North Broadway, Suite 608, Corpus Christi, Texas 78476, Federal Tax I.D. No. 75-1937163, hereinafter referred to as "Assignee".

WITNESSETH:

For and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), cash in hand paid and other good and valuable considerations and mutual benefits to be derived hereunder, the receipt and full sufficiency of which are hereby acknowledged and full acquittance granted therefor, Assignor does hereby grant, bargain, sell, assign, transfer, convey, abandon, deliver and set over, without any warranty of title whatsoever of any nature or description, even for return of the purchase price paid, unto Assignee, all Assignor's right, title and interest in, on, under and to the following described leases, **LESS AND EXCEPT** all rights below the stratigraphic equivalent depth of 9,152 feet, as would be seen in the Texaco No. 1 Flinn Gas Unit well located 660 feet FNWL and 1,650 feet FSWL of Section 126, George H. Paul Subdivision of the Driscoll Ranch, Santa Petronilla Grant, A-63, Nueces County, Texas, mineral deed, royalty deed, properties, interests and assets located in Nueces County, Texas, to-wit:

- (1) All oil, gas and mineral leases, royalty interests and property interests more fully and particularly described on and set forth in Exhibit "A" attached hereto and incorporated herein by reference, hereinafter referred to individually and collectively as "Leases",
- (2) All personal property of every kind and character located on the Leases or used in the operation thereof and owned directly by the Assignor for such purposes, including, without limitation, wells (whether productive or non-productive, active or inactive), well equipment, casing, tanks, machinery and other appurtenances, and any other personal property situated thereon, herein individually and collectively called "Wells and Equipment",
- (3) All rights, privileges, benefits, permissions and authorizations (including, without limitation, permits, licenses, servitudes, easements, and rights-of-way) conferred upon the Assignor with respect to the use and occupation of the surface of such Leases, and the subsurface depths under the land and premises covered by and benefitting such Leases, herein called individually and collectively "Rights-of-Way and Permits", and more fully described in attached Exhibit "A".

The Leases, the Wells and Equipment, and the Rights-of-Way and Permits referred to in (1) through (3) above are hereinafter referred to individually and collectively in the singular as "Property".

TO HAVE AND TO HOLD the above described Property unto Assignee, its successors and assigns, forever, pursuant to and subject to all of the terms and conditions set forth in this Sale and Assignment.

This Sale and Assignment shall be effective January 1, 1992, 7:00 A.M., local time ("Effective Date").

This Sale and Assignment is made and accepted by Assignee subject to the following additional stipulations, conditions, covenants and agreements:

TEPI'S COPY

1. DISCLAIMER/ASSUMPTION OF RISK

(a) It is expressly understood by the parties hereto that Assignor does not make any representations or warranties, express or implied, as to title or the condition and state of repair of the Property, its value, quality, merchantability, suitability or fitness for any uses or purposes, nor as to the current volume, nature, quality, classification, or value of the oil, gas or other mineral reserves thereunder or covered thereby, nor with respect to any appurtenances thereto belonging or in any wise appertaining to said Property, or otherwise. Assignor has advised Assignee and Assignee has acknowledged that certain spills of oil and chemicals from oil and gas exploration, development, or production (regulated or under the jurisdiction of the applicable commission, department or other governmental authority of the State of Texas) have occurred, or may have occurred, upon the Property, which could have resulted in contamination of the soil, water, ground water, or improvements on the Property; however, Assignor knows of no other wastes or other contaminants upon the Property which Assignee cannot discover by prudent examination and inspection of the Property, nor of any violation of any federal or state laws, rules or regulations, concerning environmental acts or hazards. Furthermore, Assignor has cautioned Assignee to thoroughly examine and inspect the Property for any such conditions or violations and generally as to the condition of the Property and its improvements, including a recommendation by Assignor to Assignee that Assignee engage an environmental consulting firm to make an environmental survey of the Property, and Assignee hereby acknowledges such obligations and assumes all liabilities associated therewith.

(b) Further, Assignee certifies that said Property (including, but not limited to, any oil, gas or other mineral reserves underlying said Property) has been carefully inspected by Assignee, that Assignee is familiar with its condition and value thereof, and the improvements and appurtenances (including electric wiring and machinery installed thereon) located on the Property, inclusive of any hydrocarbons, other soil contaminants or waste substances, whether similar or dissimilar, that may be present in the soil, water and groundwater, that Assignee has engaged such contractors or consultants as Assignee deems prudent for tests and surveys of the soil, water, groundwater, Wells and Equipment, and improvements on the Property, and that Assignee assumes any and all obligations, risks and liabilities associated therewith. Assignee acknowledges that the Property has been or may have been used in connection with oil, gas and other mineral exploration, development and operations, as well as with respect to processing and refining operations, and, as such, equipment, appurtenances, processing and other facilities, plants, buildings, structures, improvements, abandoned and other tanks and piping (including above ground and underground tanks and piping), storage facilities, gathering and distribution lines, wells and other petroleum production facilities and appurtenances which have not been excepted and excluded from this conveyance may be located thereon. Assignee further accepts said Property (including, but not limited to, any oil, gas or other minerals and/or mineral reserves underlying said Property) AS IS, WHERE IS, IN ITS PRESENT CONDITION AND STATE OF REPAIR, AND WITHOUT ANY REPRESENTATIONS, GUARANTIES, OR WARRANTIES, EXPRESS OR IMPLIED, AS TO ITS TITLE, VALUE, QUALITY, MERCHANTABILITY, OR ITS SUITABILITY OR FITNESS FOR ASSIGNEE'S INTENDED USE, OR FOR ANY USES OR PURPOSES WHATSOEVER, OR THAT SAID PROPERTY HAS BEEN RENDERED FREE FROM ANY DEFECTS, HAZARDS, OR DANGEROUS CONDITIONS. Furthermore, pursuant to Section 17.42 of the Texas Deceptive Trade Practices-Consumer Protection Act, Assignee hereby waives all and each part of said act and subchapter E of Chapter 17 of Title 2 of the Texas Business and Commerce Code, which contains the provisions of said act, with the exception only of Section 17.555 concerning contribution or indemnity.

Without limiting the generality of the foregoing but in furtherance of same, Assignee accepts the Property in its "as is, where is" condition. Assignor disclaims any and all liability arising in connection with any environmental matters, including, without limitation, any presence of Naturally Occurring Radioactive Material (NORM) on the Property. In addition, there are no warranties or representations, express or implied, as to the accuracy or completeness of any data, information or materials heretofore or hereafter furnished in connection with the Property or as to the quality or quantity of the hydrocarbon and any other mineral reserves, if any, attributable to the interest conveyed herein or the ability of the Property to produce hydrocarbons or any other minerals, and any and all data, information and material furnished by Assignor is provided as a convenience only and any reliance on or use of the same is at Assignee's sole risk.

2. GENERAL COVENANTS

(a) This Sale and Assignment shall be subject to, and shall include all of the rights and obligations of Assignor in, to, and under all existing contracts and agreements of every kind and character affecting or relating to said Leases and the operation thereof, Wells and Equipment as defined herein and the production from said Leases, both recorded and unrecorded, including, but not limited to, those contracts listed on Exhibit "B", attached hereto and made a part hereof for all intents and purposes. As of the Effective Date hereof, Assignee assumes all rights and obligations of Assignor under, with respect to, and resulting from all instruments, contracts, agreements and understandings affecting the interests of Assignor hereby conveyed.

(b) Assignor has assigned herein all assignable rights-of-way affecting or appertaining to the Property, including those listed in attached Exhibit "A", provided, however, Assignor expressly retains and reserves the right to use any such rights-of-way where needed for the development of retained rights, if any, or access to nearby or adjoining Assignor owned or controlled properties.

(c) As soon as practical after the execution of this Sale and Assignment by Assignor and Assignee, Assignor shall provide Assignee with copies of Assignor's files, at Assignee's sole cost and expense, pertaining to the Property conveyed herein, but Assignor shall not be obligated or required to provide any interpretive seismic, geological or geophysical data or other proprietary information relating thereto. It is further acknowledged by the parties hereto that Assignor does not make any warranty whatsoever as to the reliability, correctness or accuracy of any such materials, data, or information furnished. Assignor, at any time hereunder, shall have the right to review any such files and material furnished to Assignee.

3. RECAPITULATION

(a) Prior to the Effective Date, Assignor shall:

- (1) Have the right to all revenues resulting from the operations performed in connection with and production from the Leases, and be obligated for all liabilities attributable to such operations;
- (2) Pay all necessary and reasonable capital costs, taxes, expenses and royalties incurred against operations performed in connection with the Leases, use of the Wells and Equipment, whether invoiced or not;
- (3) Be entitled to and receive all accounts receivable balances (if any), and any and all funds held in suspense, deferred or escrowed;
- (4) Be entitled to and receive all production, whether similar or dissimilar, from the Wells located on and/or attributable to the Leases, and all proceeds resulting from or attributable to such production from the Leases and sale thereof; and
- (5) Be entitled to and receive delivery of all oil in the tanks above the pipeline connection since such remains and shall be the property of Assignor, and Assignor shall be entitled to all proceeds from the sale thereof.

It is the intent of the parties that all items set forth in (1) through (5) aforesaid shall be and remain the property of Assignor. Further, Assignor and Assignee shall provide one another with written notification in the event documentation is obtained to justify release of impounded monies.

(b) As of the Effective Date, Assignee shall be responsible for the payment of all necessary and reasonable capital costs, taxes, including federal and state income taxes, expenses and royalties incurred against and/or applicable to the operation of the Leases, and use of the Wells and Equipment, whether invoiced or not. Further, all production from such Wells located on and/or attributable to the Leases, and all proceeds from and/or attributable to production from the Leases and sale thereof shall be the property of and belong to Assignee as of the Effective Date.

(c) Within one hundred fifty (150) days after execution of this Sale and Assignment by Assignor and Assignee, Assignor shall provide to Assignee, for

Assignee's concurrence, a final recapitulation settlement to account for all production proceeds received by Assignor and all necessary and reasonable capital costs, taxes, including federal and state income taxes, expenses and royalties paid by Assignor attributable to the Property after the Effective Date. Assignee shall have the right, within thirty (30) days after receipt of the final recapitulation settlement, to audit and take exceptions to the reconciliation of all financial activity. Any disagreements shall be resolved on a best efforts and good faith basis by Assignor and Assignee.

(d) Within one year after the execution of this Sale and Assignment by Assignor and Assignee, Assignor or Assignee may, at its own expense and by appointment only, audit the other party's books, accounts and records relating to such production proceeds, capital costs, taxes, expenses and royalties relating to this transaction. Such audit shall be conducted so as to cause a minimum of inconvenience to the audited party.

4. CALL ON PRODUCTION

Assignor reserves, on behalf of Texaco Trading and Transportation Inc. (TTTI), the right from time to time to purchase, for the equivalent or greater price to be paid to Assignee by any bona fide third party purchaser, the oil and other liquid hydrocarbons produced and saved from the Leases. Assignor's election to purchase said oil and other liquid hydrocarbons shall be given to Assignee in writing at least thirty (30) days prior to the time purchases shall begin, and notice of discontinuance of purchases shall be given in a like manner. The option given hereby shall apply separately as to oil and other liquid hydrocarbons, and Assignor may purchase the oil and other liquid hydrocarbons, or any one or more of them, without purchasing the remaining products.

5. LAWS AND REGULATIONS

All the terms and provisions of this Sale and Assignment are hereby expressly made subject to all federal, state, and local laws and to all orders, rules, regulations and standards issued thereunder by all duly constituted political subdivisions and agencies having jurisdiction, and Assignee hereby warrants and covenants that it will comply with same. Further, Assignee specifically warrants and covenants that it will comply with any and all laws, orders, rules, regulations and standards of all federal, state and local political subdivisions and agencies applicable to (1) all exploration, drilling, production, plugging, and abandonment procedures and operations, and (2) the control, regulation and prevention of pollution, including, but not limited to, salt water discharge and contamination.

6. PLUGGING AND ABANDONMENT OF WELLS

Assignee expressly agrees to and shall assume all obligations and responsibilities with respect to the plugging, replugging and abandonment obligations of Assignor relative to any unplugged Wells all in full compliance with any and all applicable federal, state and local laws, orders, rules, regulations and standards. Assignee further expressly agrees to and shall assume the surface restoration obligations relative to the Property. Assignee agrees to and shall fully protect, indemnify and hold Assignor harmless from and against any expense, claim or cause of action brought against Assignor or Assignee by any third party arising from Assignee's failure to comply with the plugging, replugging, abandonment, or surface restoration obligations set forth herein and under the Property.

7. ASSUMPTION OF OPERATORSHIP

(a) Assignee shall assume operatorship of the Property conveyed herein at 7:00 A.M. local time on September 1, 1992, and shall perform all duties required in the course of business, including, but not by way of limitation, changing operatorship with all regulatory bodies, paying royalties and severance taxes, pumping and gauging wells, working over wells, drilling new wells, filing all necessary reports required by law or otherwise, and performing maintenance and/or repair work on the Property. Assignor will operate the Property for Assignee from the Effective Date until 7:00 A.M. local time on September 1, 1992.

(b) Assignee agrees that it shall remove all signs bearing the name "Texaco" from the premises within thirty (30) days of the closing date hereof.

8. INDEMNITY

(a) Assignee further agrees, as part of the consideration for the Sale and Assignment of the Property, to fully defend, protect, indemnify, hold harmless, and render whole Assignor, its subsidiaries and affiliates and the respective directors, officers, agents and employees of Assignor and its subsidiaries and affiliates from and against each and every claim, demand or cause of action, and any liability, cost, expenses (including, but not limited to, reasonable attorneys' fees), or claims with respect to damage or loss in connection therewith, which may be made or asserted by Assignee, its agents, or successors, or by any third party or parties (including, but not limited to, governmental agencies) on account of personal injury or death, lease maintenance matters (including, but not limited to, the payment of royalties), or property or environmental damage, or any claims based on any misrepresentations as to the quantity, quality, or value of the Property, caused by, arising out of, or incidental to the past, present or future condition or state of repair of said Property, or the ownership and use thereof, or this Sale and Assignment, howsoever occurring, including, without limitation, whether such injuries, damages, losses, and liabilities, with or without fault, were caused by Assignee's sole negligence or contributory negligence, Assignor's contributory negligence, or imposed on said parties or others under any theory of strict liability by operation of law, or any other theory of law prior to, at the time of, or subsequent to the Effective Date of this Sale and Assignment.

(b) Without limiting the generality of the foregoing, but in furtherance of same, Assignee expressly agrees to fully and promptly pay, perform and discharge, defend, indemnify and hold harmless Assignor, its subsidiaries and affiliates, and the respective directors, officers, agents and employees of Assignor and its subsidiaries and affiliates from and against any claim, demand, action or suit, loss, cost, damage, fine, penalty or expense (including reasonable attorneys' fees) resulting from any Environmental Claim arising out of any operations conducted, commitment made or any action taken or omitted by Assignor at any time with respect to the Property (including, but not limited to, business operations, transactions or conduct of the business directly or indirectly related thereto). For purposes of this Paragraph 8.(b), "Environmental Claim" shall mean any claim, demand, or cause of action asserted by any governmental agency or any person, corporation or other entity for personal injury (including sickness, disease or death), property damage or damage to the environment resulting from the discharge or release of any chemical, material or emission into one or more of the environmental media at or in the vicinity of the Property.

9. PAYMENT OF ROYALTIES

In the event Assignor is responsible for paying its share of the royalty burden, Assignor hereby agrees to and shall continue paying such royalty owners, on behalf of Assignee, for all liquid and gaseous hydrocarbons, whether similar or dissimilar, produced during the month in which Assignor and Assignee execute this Sale and Assignment. Assignee shall commence the payment of royalties for all such liquid and gaseous hydrocarbons produced beginning the first day of the month following the month in which Assignor and Assignee execute this Sale and Assignment and thereafter. Assignee shall indemnify, protect and hold harmless Assignor from and against each and every claim and cause of action and liability in connection therewith, resulting from or attributable to the calculation and payment of any royalties in accordance with the provisions of said Leases and as provided for in Paragraph 8.(a) of this Sale and Assignment.

10. GAS IMBALANCES

Notwithstanding anything to the contrary contained herein, Assignor and Assignee acknowledge and agree that possible gas imbalances may exist in and with respect to the Property hereby conveyed and such shall be handled as follows:

(a) Gas Underproduction - In the event Assignor is underproduced as to any Wells on the Property, as of the Effective Date, Assignee shall assume all rights, obligations, liabilities and responsibilities associated with Assignor's underproduced status and Assignor shall have no further rights or claims whatsoever with respect to the gas imbalance. Assignor and Assignee agree that the purchase price for the sale of the Property has been revised accordingly for these purposes.

(b) Gas Overproduction - In the event Assignor is overproduced as to any Wells, as of the Effective Date, Assignee hereby agrees to and shall assume all rights to the overproduction, as well as all liabilities, responsibilities and obligations to the other working interest owners (or their successors and assigns) and Assignor shall have no further rights, liabilities, obligations or responsibilities whatsoever. Assignor and Assignee agree that the purchase price for the sale of the Property has been revised accordingly for these purposes.

11. MISCELLANEOUS

(a) All ad valorem taxes due by Assignor for the calendar years prior to the calendar year 1992 have been paid by Assignor. All ad valorem property taxes and other taxes for the year 1992 attributable to the Property will be prorated between Assignor and Assignee as of the Effective Date.

(b) Any sales tax, use tax, or other tax, license, permit or fee which may be applicable to this Sale and Assignment shall be borne by Assignee.

(c) This Sale and Assignment constitutes the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all negotiations, prior discussions and prior agreements and understandings relating to the subject matter hereof.

(d) The parties agree to do such further acts or execute such further documents as may reasonably be required to effectuate the terms of this Sale and Assignment.

(e) If any provision of this Sale and Assignment is held invalid, such invalidity shall not affect the remaining provisions hereof.

(f) This Sale and Assignment cannot be modified or amended except by a written instrument duly executed by Assignor and Assignee.

(g) This Sale and Assignment and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of Texas.

(h) Captions have been inserted for reference purposes only and shall not define or limit the terms of this Sale and Assignment.

(i) This Sale and Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The terms, conditions and exceptions contained herein shall constitute covenants running with the Property and shall be binding upon and for the benefit of the respective successors and assigns of Assignor and Assignee.

IN WITNESS WHEREOF, this Sale and Assignment is entered into and executed in triplicate originals, after a reading of the whole and in the presence of the undersigned competent witnesses on the dates indicated hereinbelow.

WITNESSES:

POSTED 8-12-92
DATE 8-12-92

ASSIGNOR:
TEXACO EXPLORATION AND PRODUCTION INC.

APPROVED	
Oprs.	<u>WJR</u>
Land	<u>WJR</u>
Legal	<u>WJR</u>
GSPD	
Inc.	

Wm. David Dwyer
A. L. Bank

By F. B. Halpern
Attorney in fact
Dated: 8-7-92

ASSIGNEE:
LUNDBERG OPERATING CO., INC.

Joyce McLaughlin
Louis C. Jenner

By C. G. Lundberg
Title: President
Dated: 8-5-92

STATE OF LOUISIANA
PARISH OF ORLEANS

BEFORE ME, ROGER EUGENE COBB, on this day personally appeared L. B. RALPH, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Attorney-in-Fact of TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

Given under my hand and official seal this 7th day of August, 1992.

Roger Eugene Cobb
Attorney - Notary Public

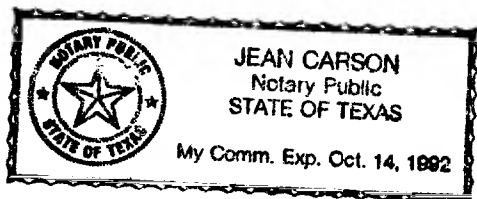
My Commission Is For Life

ROGER EUGENE COBB
ATTORNEY-NOTARY PUBLIC
JEFFERSON PARISH, LA.
MY COMMISSION IS FOR LIFE

STATE OF Texas
County OF Nueces

BEFORE ME, Jean Carson, on this day personally appeared C. A. Lundberg, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the President of LUNDBERG OPERATING CO., INC., a Texas corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

Given under my hand and official seal this 5 day of August, 1992.



Jean Carson
Notary Public in and for the
of _____,
State of _____
My Commission Expires: _____

EXHIBIT A

ATTACHED TO AND MADE A PART OF THAT CERTAIN SALE AND ASSIGNMENT
BETWEEN TEXACO EXPLORATION AND PRODUCTION INC. AND LUNDBERG OPERATING CO., INC.
DATED EFFECTIVE JANUARY 1. 1992

Field: SOUTH CLARA DRISCOLL
NUECES COUNTY, TX

File No.	Date	Type	Grantor	Grantee	Recording Information
060734-A	06-JUN-34	OIL AND GAS MINERAL LEASE	C. R. RICHARDSON, ET UX	HAROLD LINK	VOL. 17, PAGE 410 OIL & GAS RECORDS NUECES CO., TX
061339-A	27-JUL-34	OIL GAS AND MINERAL LEASE	F. E. FLINN, ET UX.	S. J. DAVIS	VOL. 18, PAGE 386 OIL & GAS RECORDS, NUECES CO., TX
063231-A	25-NOV-35	OIL GAS AND MINERAL LEASE	ROBERT E. TAYLOR, ET UX	MID TEXAS OIL COMPANY	VOL. 25, PAGE 135 OIL & GAS RECORDS, NUECES CO., TX
063354 (S-12283/S-7619-a)	03-SEP-35	OIL & GAS MINERAL LEASE	CLARA DRISCOLL SEVIER, INDIV & AS INDEP EXEC, ETAL	SANTA CLARA OIL COMPANY	VOL. 19, PAGE 561 OIL & GAS RECORDS, NUECES CO., TX
289549	22-AUG-82	OIL, GAS & MINERAL LEASE	J. E. FLINN, IND. & AS A- I-F & TR.	WESTERN GULF OIL & GAS, INC.	VOL. 355, PAGE 859 OIL & GAS RECORDS, NUECES CO., TX
S-1239-A	18-AUG-36	OIL GAS AND MINERAL LEASE	LEE M. DUGGER, ET UX	SANTA CLARA OIL COMPANY	VOL. 28, PAGE 592 OIL & GAS RECORDS NUECES CO., TX
S-7664	01-MAY-39	ROYALTY DEED	MAGGIE KASTNER	JOHN F. O'NEIL	VOL. 50, PAGE 440 OIL & GAS RECORDS NUECES CO., TX
1679-A	10-DEC-40	MINERAL DEED	SANTA CLARA OIL CO.	WELLINGTON OIL CO.	VOL. 60, PAGE 480 OIL & GAS RECORDS NUECES CO., TX

LESS AND EXCEPT, all rights below the stratigraphic equivalent depth of 9,152 feet as would be seen in the Texaco No. 1 Flinn Gas Unit well located 660 feet FNWL and 1,650 feet FSWL of Section 126, George H. Paul Subdivision of the Driscoll Ranch, Santa Petronilla Grant, A-63, Nueces County, Texas.

EXHIBIT "B"

Attached to and made a part of that certain Sale and Assignment between Texaco Exploration and Production Inc and Lundberg Operating Co., Inc., dated effective January 1, 1992

Nueces County, Texas

South Clara Driscoll Field

- S-1239-h That certain Gas Line Right-of-Way, dated October 2, 1944, executed by H. M. Roper in favor of Seaboard Oil Company of Delaware.
- 20233-K56 That certain Right-of-Way and Surface Easement, dated September 15, 1967, executed by Margaret Taylor Stainton et al in favor of Texaco Inc., recorded in Volume 1235, Page 6, Deed Records.
- 20233-P39 That certain Pipeline Right-of-Way, dated July 26, 1962, executed by Lee M. Dugger in favor of Texaco Inc., recorded in Volume 972, Page 635, Deed Records.
- 20233-W41 That certain Surface Easement, dated August 19, 1963, executed by Ethel May Richardson in favor of Texaco Inc., recorded in Volume 1014, Page 222, Deed Records.
- 223377 That certain Gas Unit Pooling Agreement, dated September 30, 1963, executed on behalf of Texaco Inc. et al, recorded in Volume 195, Page 114 of the Oil and Gas Records of Nueces County, Texas, establishing the Flinn Gas Unit.
- 223377-c That certain Compressor Site Easement, dated July 25, 1983, executed by J. E. Flinn in favor of Texaco Inc., recorded in Volume 1886, Page 743, Deed Records.

That certain Gas Purchase Contract No. 035641, dated November 1, 1987, by and between Texaco Inc. and Panhandle Gas Company.

That certain Gas Purchase Contract No. 135912, dated March 1, 1990, by and between Texaco Inc. and Florida Gas Transmission Company.

The State of Texas,)

County of *Texas*)

Known all Men by these Presents:

That *I - Wm R. Roberts*

of the County of *Texas* in the State of *Texas*
 for and in consideration of the sum of *Four hundred*
Dollars,

to *me* in hand paid by

The Texas Company -
A Corporation, duly incorporated
under the laws of the State of Texas

have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey,
 unto the said

The Texas Company
 of the County of *Harris*, and State of *Texas*, all that certain

Parcel of land known as lots (1) one
(2) two, and (3) three in block (6) six of
The Wm R. Roberts Subdivision to the
town of Tarpon, New Park Aransas
Texas - Same being a portion of Survey
No 9 Patented by the State of Texas
to Wm R Roberts and filed in the records
of Texas Co Texas

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THE STATE OF TEXAS, }

COUNTY OF

Nueces

BEFORE ME,

F. J. Gonzon

personally appeared

a Notary Public

in and for said County and State, on this day

R. Roberts

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 14 day of June A. D., 1911

F. J. Gonzon
Notary Public, Nueces
County, Texas

THE STATE OF TEXAS, }

COUNTY OF

BEFORE ME,

in and for said County and State, on this day personally appeared

and

wife of said

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they severally executed the same for the purposes and consideration therein expressed. And the said wife of the said

having been examined by me privily and apart

from her husband, and having had the same fully explained to her, she, the said

acknowledged such instrument to be her act and deed, and declared that she willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the day of A. D., 1911

THE STATE OF TEXAS, }

COUNTY OF

Nueces

I,

H. E. Luter

Clerk of the County Court of

Nueces

County, Texas, do hereby certify that the above

instrument of writing, dated on the 14th day of June 1911, with its certificate of authentication, was filed for record in my office on the 29th day of June 1911 at 12¹/₂ o'clock P. M., and duly recorded on the 1st day of July 1911 at 8¹⁵ o'clock A. M., in Book "73" on pages 169 and 170 of the records of said County.

Witness my hand and seal of the County Court of said County, at my office in Corpus Christi Texas, the day and year last above written.

H. E. Luter
Clerk County Court Nueces County, Texas.
By Thelie Copeland, Deputy.

467

To Have and to Hold, the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said

The Texas Company

heirs and assigns forever; and

I

do hereby bind

Myself - my

heirs, executors and administrators, to Warrant and Forever Defend, all and singular the

said premises unto the said

The Texas Company

their

heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness

My hand at *Port Aransas, Tex*
this the *14th* day of *June* A. D., 191*1*

W. A. P. Kyle.

WITNESSES AT REQUEST OF GRANTOR:

10-4

94

WARRANTY DEED

TO

Filed for record 29 day of June 1911
at 1 o'clock 21 minutes P. M.

H. E. Patten Co

Clerk *Mues* County, Texas

By Deputy

RECEIVED

JUN 26 1911

LAND DEPARTMENT

Letter

This Deed should be filed immediately with the County

~~Record.~~

WM. D. BATES.

Box 109, Station 3.

Houston, Texas.

THE STATE OF TEXAS |
COUNTY OF HARRIS |

KNOW ALL MEN BY THESE PRESENTS:

That The Texas Company, a Delaware Corporation, acting herein by and through its proper officers, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, to it cash in hand paid by Port Aransas Independent School District, the receipt of which is hereby acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey unto the Port Aransas Independent School District, subject to the reservation hereinafter set forth, all those certain parcels or tracts of land located in Nueces County, Texas, being more particularly described as follows:

FIRST TRACT

Being lots One (1), Two (2) and Three (3) in Block Six (6) of the Wm. R. Roberts Subdivision to the town of Tarpon, now Port Aransas, Nueces County, Texas, same being a portion of Survey No. 9 Patented by the State of Texas to Wm. R. Roberts and filed in the records of Nueces Co. Texas, and being the same tracts of land conveyed by Wm. R. Roberts to The Texas Company by deed dated June 14th, 1911, of record in Volume 73, Pages 169 and 170, Deed Records of Nueces County, Texas, to which deed and the record thereof reference is here made for all purposes. (11

SECOND TRACT

Being lots 22, 23, 24, 25, 26, 27, 28 and 29 of the M. A. Cotter Subdivision to the town of Tarpon, now Port Aransas in Nueces County, Texas, same being a portion of Survey No. 75 Patented by the State of Texas to M. A. Cotter and filed in the records of Nueces County, Texas, and being the same tracts of land conveyed by M. A. Cotter to The Texas Company by deed dated June 14th, 1911, of record in Volume 73, Pages 168 and 169, Deed Records of Nueces County, Texas, to which deed and the record thereof reference is here made for all purposes. 11

It is hereby expressly agreed and understood that out of the grant hereby made there is excepted and reserved to Grantor, its successors and assigns, all of the oil, gas and other minerals situated in, on and under the above described tracts of land, with the right of ingress and egress at all times for the purpose of drilling, mining

and producing said minerals, laying pipe lines, and the right to take all usual, necessary and convenient means for working, preparing, getting and removing said minerals from and away from said land and premises.

Taxes for the year 1955 are to be prorated between the parties hereto as of the date of this deed.

TO HAVE AND TO HOLD the above described premises, subject to the reservation herein retained by Grantor, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Port Aransas Independent School District, its successors and assigns, forever; and the said The Texas Company does hereby warrant and forever defend all and singular the said land and premises except as above stated, unto the said Port Aransas Independent School District, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

IN WITNESS WHEREOF, The Texas Company, aforesaid, has caused these presents to be signed by its Vice President thereunto authorized by Resolution of said The Texas Company, and its common seal to be hereunto affixed this 23rd day of September, 1955.

THE TEXAS COMPANY

ATTEST:

E. E. Griffin
Assistant Secretary
E. E. GRIFFIN
Assistant Secretary

BY

J. C. Jackson
Vice President

John Thompson
John Thompson
Wm. Allen Budgett

THE STATE OF TEXAS |

COUNTY OF HARRIS |

BEFORE ME, the undersigned authority on this day personally appeared J. C. Jackson, Vice President of The Texas Company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation, The Texas Company.

Given under my hand and seal of office this 23rd day of September, 1955.

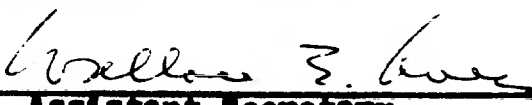
John Moore Durner
Notary Public in and for
Harris County, Texas

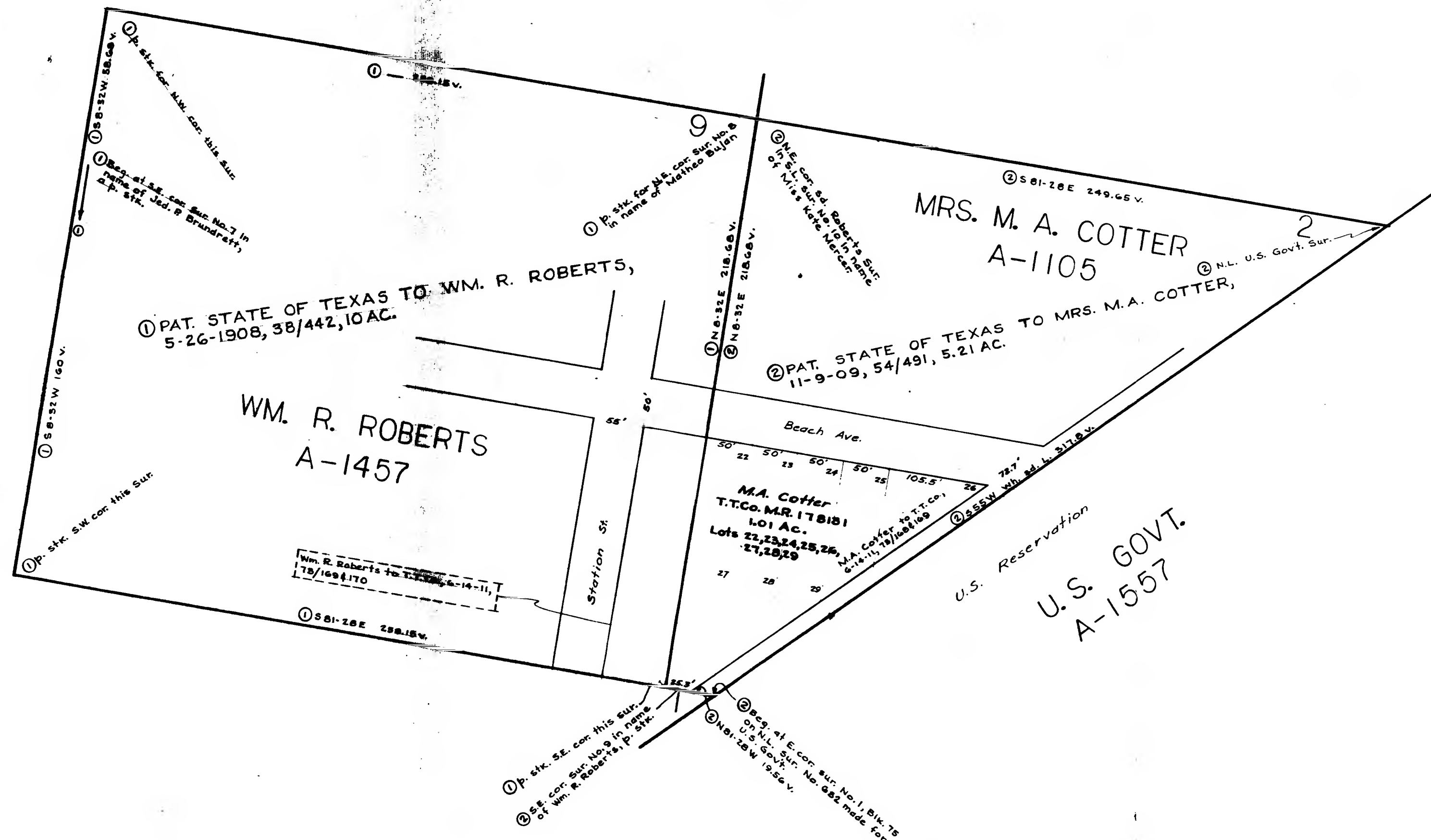
Federal Revenue Stamp
affixed in the amount of 55¢.

**RESOLUTION ADOPTED BY THE EXECUTIVE COMMITTEE
OF THE TEXAS COMPANY
AUGUST 25, 1955**

RESOLVED, that the Company sell to the Port Aransas (Texas) Independent School District a small parcel of unimproved land on the northerly tip of Mustang Island and across the water from Port Aransas, Texas, comprising approximately 1.45 acre, reserving to the Company all mineral rights therein; that, subject to the approval of the President of the Company, the Vice President in Charge of Refining is authorized to sell the said property to such purchaser, at such price, and on such terms and conditions, as he shall agree upon, and the Vice Presidents of the Company are severally authorized to sign, and the Secretary and Assistant Secretaries to attest and affix the Company's seal to such deeds and other instruments and do such other acts as may be necessary or proper to carry out the purposes of this resolution; and that the delivery of any such deed or instrument so signed, attested and sealed shall be conclusive evidence that it has the approval of the President of the Company and has been executed under the authority of this resolution.

A true copy, I certify:


Assistant Secretary



NUECES COUNTY
 TARPON ISLAND TERMINAL
 E/3 L-2
 Scale 1"=100'
 3-18-56
 RHF

The State of Texas,)

Know all Men by these Presents:

County of *Texas*)That *I - M. A. Cotter*, a feme sole,of the County of *Texas* in the State of *Texas*
for and in consideration of the sum of *Eight hundred*
Dollars,to *me* in hand paid by*The Texas Company*
a corporation, duly incorporated
under the laws of the State of Texas.have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey,
unto the said *The Texas Company*of the County of *Harris*, and State of *Texas*, all that certain*parcel of land known as lots - 22 -*
23 - 24 - 25 - 26 - 27 - 28 - and 29 - of the
M. A. Cotter Subdivision to the Town
of Tarpon now Park Aransas in
Texas County - Texas - same being
a portion of Survey No 75 Patented by
the State of Texas to M. A. Cotter and
filed in the records of Texas County
Texas

To Have and to Hold, the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said

The Texas Company
heirs and assigns forever; and *I* do hereby bind *Myself my*
heirs, executors and administrators, to Warrant and Forever Defend, all and singular the
said premises unto the said *The Texas Company*

heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness *my* hand at *Port Aransas*
this the *14* day of *June* A. D., 191*1*
M. A. Catter

WITNESSES AT REQUEST OF GRANTOR:

E-2

THE STATE OF TEXAS, }

COUNTY OF *Nueces*

BEFORE ME, *F. J. Gonzon*

A Notary Public in and for said County and State, on this day
personally appeared *M. A. Catter, a feme sole,*

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the *14* day of *June* A. D., 191*1*

F. J. Gonzon
Notary Public Nueces County Texas

THE STATE OF TEXAS, }

COUNTY OF

BEFORE ME,

in and for said County and State, on this day personally appeared

and

wife of said

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they severally executed the same for the purposes and consideration therein expressed. And the said

wife of the said

having been examined by me privily and apart from her husband, and having had the same fully explained to her, she, the said

acknowledged such instrument to be her act and deed, and declared that she willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the day of A. D., 191

THE STATE OF TEXAS, }

COUNTY OF *Nueces*

I, *H. E. Luter*

Clerk of the County Court of *Nueces* County, Texas, do hereby certify that the above instrument of writing, dated on the *14th* day of *June* 191*1* with its certificate of authentication, was filed for record in my office on the *29th* day of *June* 191*1* at *120* o'clock *P*. M., and duly recorded on the *30th* day of *June* 191*1* at *345* o'clock *P*. M., in Book "*73*" on pages *168 and 169* of the records of said County.

Witness my hand and seal of the County Court of said County, at my office in *Corpus Christi* Texas, the day and year last above written.

H. E. Luter
Clerk County Court *Nueces* County, Texas.
By *Thillie Copeland* Deputy.

E-3

WARRANTY DEED

TO

Filed for record *29* day of *June* 191*1*
at *1* o'clock *20* minutes *P.* M.

J. E. Luter

Clerk *Meers* County, Texas

By _____ Deputy

RECEIVED
JUN 26 1911
LAND DEPARTMENT

Deed should be Filed immediately with the County

Clerk for Record.
~~Return to~~
M. D. BATES.

HOUSTON, TEXAS.

E-4

THE STATE OF TEXAS |
COUNTY OF HARRIS |

KNOW ALL MEN BY THESE PRESENTS:

That The Texas Company, a Delaware Corporation, acting herein by and through its proper officers, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, to it cash in hand paid by Port Aransas Independent School District, the receipt of which is hereby acknowledged, has granted, sold and conveyed, and by these presents does grant, sell and convey unto the Port Aransas Independent School District, subject to the reservation hereinafter set forth, all those certain parcels or tracts of land located in Nueces County, Texas, being more particularly described as follows:

FIRST TRACT

Being lots One (1), Two (2) and Three (3) in Block Six (6) of the Wm. R. Roberts Subdivision to the town of Tarpon, now Port Aransas, Nueces County, Texas, same being a portion of Survey No. 9 Patented by the State of Texas to Wm. R. Roberts and filed in the records of Nueces Co. Texas, and being the same tracts of land conveyed by Wm. R. Roberts to The Texas Company by deed dated June 14th, 1911, of record in Volume 73, Pages 169 and 170, Deed Records of Nueces County, Texas, to which deed and the record thereof reference is here made for all purposes.

SECOND TRACT

Being lots 22, 23, 24, 25, 26, 27, 28 and 29 of the M. A. Cotter Subdivision to the town of Tarpon, now Port Aransas in Nueces County, Texas, same being a portion of Survey No. 75 Patented by the State of Texas to M. A. Cotter and filed in the records of Nueces County, Texas, and being the same tracts of land conveyed by M. A. Cotter to The Texas Company by deed dated June 14th, 1911, of record in Volume 73, Pages 168 and 169, Deed Records of Nueces County, Texas, to which deed and the record thereof reference is here made for all purposes.

It is hereby expressly agreed and understood that out of the grant hereby made there is excepted and reserved to Grantor, its successors and assigns, all of the oil, gas and other minerals situated in, on and under the above described tracts of land, with the right of ingress and egress at all times for the purpose of drilling, mining

178/31-5

and producing said minerals, laying pipe lines, and the right to take all usual, necessary and convenient means for working, preparing, getting and removing said minerals from and away from said land and premises.

Taxes for the year 1955 are to be prorated between the parties hereto as of the date of this deed.

TO HAVE AND TO HOLD the above described premises, subject to the reservation herein retained by Grantor, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Port Aransas Independent School District, its successors and assigns, forever; and the said The Texas Company does hereby warrant and forever defend all and singular the said land and premises except as above stated, unto the said Port Aransas Independent School District, its successors and assigns, against every person whosoever lawfully claiming or to claim the same, or any part thereof.

IN WITNESS WHEREOF, The Texas Company, aforesaid, has caused these presents to be signed by its Vice President thereunto authorized by Resolution of said The Texas Company, and its common seal to be hereunto affixed this 23rd day of September, 1955.

THE TEXAS COMPANY

ATTEST:

E. E. Griffin
Assistant Secretary

E. E. GRIFFIN
Assistant Secretary

BY *J. C. Jackson*

Vice President

THE STATE OF TEXAS |

COUNTY OF HARRIS |

BEFORE ME, the undersigned authority on this day personally appeared J. C. Jackson, Vice President of The Texas Company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation, The Texas Company.

Given under my hand and seal of office this 23rd day of September, 1955.

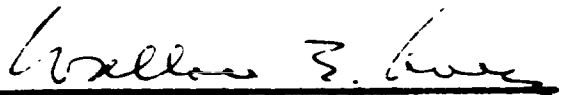
John H. Moore
Notary Public in and for
Harris County, Texas

Federal Revenue Stamp
affixed in the amount of 55¢.

**RESOLUTION ADOPTED BY THE EXECUTIVE COMMITTEE
OF THE TEXAS COMPANY
AUGUST 25, 1955**

RESOLVED, that the Company sell to the Port Aransas (Texas) Independent School District a ~~small~~ parcel of unimproved land on the northerly tip of Mustang Island and across the water from Port Aransas, Texas, ~~comprising~~ approximately 1.45 acre, reserving to the Company all mineral rights therein; that, subject to the approval of the President of the Company, the Vice President in Charge of Refining is authorized to sell the said property to such purchaser, at such price, and on such terms and conditions, as he shall agree upon, and the Vice Presidents of the Company are severally authorized to sign, and the Secretary and Assistant Secretaries to attest and affix the Company's seal to such deeds and other instruments and do such other acts as may be necessary or proper to carry out the purposes of this resolution; and that the delivery of any such deed or instrument so signed, attested and sealed shall be conclusive evidence that it has the approval of the President of the Company and has been executed under the authority of this resolution.

A true copy, I certify:


Assistant Secretary

Grantor and Grantee that GRANTOR MAKES NO WARRANTIES OR REPRESENTATIONS WITH RESPECT TO ORIGIN, QUANTITY, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, SAFETY OF EQUIPMENT, COMPLIANCE WITH GOVERNMENTAL REGULATIONS, TITLE TO PERSONAL PROPERTY, TITLE TO REAL PROPERTY, THE QUANTITY, VALUE OR EXISTENCE OF RESERVES OF OIL, GAS OR OTHER MINERALS PRODUCIBLE OR RECOVERABLE FROM THE PROPERTY, OR OF TITLE TO OR CONDITION OF THE PROPERTY. All descriptions set forth herein and all information heretofore or hereafter furnished Grantee by Grantor concerning the Property have been and shall be furnished solely for Grantee's convenience and have not constituted and shall not constitute a representation or warranty of any kind by Grantor, and any reliance thereupon by Grantee shall be at Grantee's sole risk and liability. Grantee understands and acknowledges that (i) the Property is or may have been used for the production, storage and transportation of oil and/or gas, including, without limitation, the handling and the storage of naturally occurring radioactive material (NORM); (ii) the Property may contain an abandoned oil well and other oilfield equipment, including abandoned well casing, storage facilities, pipelines, and buried pipe; (iii) the condition and whereabouts of such equipment is unknown and all of which equipment has not been excepted and excluded from this conveyance; and (iv) Grantee must comply with all laws and regulations affecting its planned activities on the Property.

3. **Grantee's Indemnity of Grantor.** Grantee agrees to protect, defend, indemnify and hold Grantor harmless from and against any and all liability (including, but not limited to, liability for environmental contamination or damage under CERCLA, RCRA, CWA, CAA and all other federal, state and local environmental laws and regulations, as well as all acts, laws and regulations amendatory or supplementary thereto), loss, damage, injury, claims, demands and causes of action therefor asserted or filed after the effective date hereof in any way relating to the Property and the contracts and agreements appertaining thereto, **REGARDLESS OF THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, REGULATORY LIABILITY STATUTORY LIABILITY OR OTHER FAULT OR RESPONSIBILITY OF GRANTOR OR ANY OTHER PERSON OR PARTY.** Grantee shall observe and comply with all covenants, terms, and provisions, express or implied, contained in the agreements, leases, easements and all other contracts appertaining to Grantor's interest in the Property and this Deed is made expressly subject to all such agreements, leases, easements, contracts and other matters.
4. **Taxes.** Any taxes, including but not limited to ad valorem, property, and severance taxes, that may be payable on the Property shall be prorated between Grantor and Grantee as of the effective date hereof, with Grantor responsible for all such taxes accruing prior thereto, and Grantee responsible for all such taxes accruing thereafter. Grantor shall reimburse Grantee for Grantor's share of ad valorem taxes which are due on oil or gas produced prior to the effective date hereof, but not payable until after the effective date hereof. Grantee shall be responsible for all sales, use and similar taxes arising out of the transfer of the Property.

This conveyance shall be binding on the parties and their successors and assigns. Grantee's indemnity obligation under Paragraph 3 is a covenant running with the Property conveyed hereunder, and shall be binding upon Grantee and all subsequent grantees of the Property or any interest therein.

TO HAVE AND TO HOLD unto Grantee, its successors and assigns forever.

EXECUTED the day and year first above written, but effective as of the _ day of _____, 2006.

GRANTOR:

CHEVRON U.S.A. INC.

By: _____

Name:

Title:

GRANTEE:

By: _____

Name / Title: _____

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this _____ day of _____ 2006, by _____ for **CHEVRON U.S.A. INC.**, a Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

Corporate Acknowledgment

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this _ day of _____, 20____, _____, the _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

Attorney-in-Fact Acknowledgement

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this _ day of _____, 20____, by _____, Attorney-in-Fact for _____, on behalf of said individual/corporation.

My Commission Expires: _____

Notary Public

Partnership Acknowledgement

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this _ day of _____, 20____, by _____, partner, on behalf of _____, a partnership.

My Commission Expires: _____

Notary Public

Individual Acknowledgement

STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me on this _ day of _____, 20____, by _____.

My Commission Expires: _____

Notary Public

Exhibit "A"

Attached to and made a part of that certain Mineral Deed effective _____, 2006, by and between **Chevron U.S.A. Inc.**, as Grantor, and _____, Grantee

<u>LIS No.</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Date</u>	<u>Recording</u>	<u>Legal Description</u>
052709	Santa Clara Royalty Corporation	Wellington Oil Company	12/10/1940	Volume 60, Page 480, Oil and Gas Records, Nueces County, Texas	80 acres of land, more or less, being the W/2 of the NW/4 of Section 131 of the George H. Paul Subdivision of the Driscoll Ranch, as shown by map thereof recorded in Volume A, Page 81, Map Records, Nueces County, Texas, INSO FAR AND ONLY INSO FAR as the above described land covers mineral rights below the stratigraphic equivalent depth of 9,152 feet, as would be seen in the Texaco No. 1 Flinn Gas Unit well located 660 feet FNWL and 1,650 feet FSWL of Section 126, George H. Paul Subdivision of the Driscoll Ranch, Santa Petronilla Grant, A-63, Nueces County, Texas.
053969	Wm. R. Roberts	The Texas Company	6/14/1911	Volume 73, Page 169, Deed Records, Nueces County, Texas	0.43 acre of land, more or less, in the Wm. R. Roberts Survey, A-1457, Nueces County, Texas, being Lots 1, 2 and 3, Block 6 of the Wm. R. Roberts Subdivision to the town of Tarpon, now Port Aransas, and being the same land described in Deed dated June 14, 1911, from Wm. R. Roberts to The Texas Company, recorded in Volume 73, Page 169, Deed Records of Nueces County, Texas.
053970	M. A. Cotter	The Texas Company	6/14/1911	Volume 73, Page 168, Deed Records, Nueces County, Texas	1.01 acres of land, more or less, being Lots 22 through 29 inclusive of the M. A. Cotter Subdivision of the City of Port Aransas located in the M. A. Cotter Survey, A-1105, Nueces County, Texas, and also being the same land described in Deed dated June 14, 1911, from M. A. Cotter to The Texas Company, recorded in Volume 73, Page 168, Deed Records, Nueces County, Texas.

Exhibit Prepared by:
Greg Davis
Chevron Corporation
11111 S Wilcrest, #N-2110
Houston TX 77099

6. LESSER INTEREST

If **BUYER** discovers that the Property conveyed by **SELLER** is of lesser interest than what was represented on the Property Information Sheet and associated data, or any modifications or changes thereto, **BUYER** must contact the **SELLER** within sixty (60) days from the date of the sale as to the difference in interest and **BUYER** agrees as its sole and exclusive remedy that **SELLER**, within thirty (30) days following receipt of written notification and accompanied by adequate proof of said lesser interest, will, at **SELLER'S** option,

- (a) refund a pro-rata share of the purchase price based on the amount of the interest lost compared to the total price paid for the full or represented interest, or
- (b) cure the defect which is attributable to the lesser interest, subject to **BUYER'S** satisfaction of the recovery and confirmation of the lost interest, or
- (c) rescind the sale and **BUYER** shall reassign the same back to **SELLER** free and clear of any and all encumbrances of **BUYER**, and **SELLER** will refund the amount paid by **BUYER** upon execution and delivery of the assignment from **BUYER** to **SELLER**, said assignment to be effective the same date as the **SELLER'S** assignment to **BUYER**.

Failure to provide notice as provided herein shall be a waiver of any claim for a lesser interest in title. **EnergyNet.com, Inc.** shall be entitled to retain a pro rata portion of any commission paid by **SELLER**. In any event **BUYER'S** sole remedy is against **SELLER**.

If any sale is rescinded, **BUYER** hereby agrees to indemnify **SELLER** for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the rescinded Properties, prior to the time such rescinded Properties are conveyed back to **SELLER**.

7. GAS IMBALANCES

BUYER acknowledges and agrees that Properties which it may bid or make an offer on and said purchase may be subject to gas imbalances pursuant to Gas Balancing Agreements between working interest parties or, in the absence of Gas Balancing Agreements, to gas imbalances between the working interest parties in the unit.

All Properties shall be sold without warranty on an "AS IS, WHERE IS" basis. No adjustment in the purchase price shall be made as a result of an inaccuracy in the estimated gas imbalance amount disclosed by **SELLER**. **SELLER** shall provide information it believes accurate as to the status of gas imbalances for the offered Properties, but makes no representations or warranties as to the accuracy of such information.

As to interests subject to Gas Balancing Agreements, **SELLER** agrees to fully disclose the Gas Balancing Agreement in the Property Information Sheet and **SELLER** will present the last production figures available as to gas imbalances on the subject properties up to the activation of the Property by **EnergyNet.com, Inc.** **BUYER** acknowledges it is its responsibility to monitor the gas imbalance from the effective date of the last Gas Balance Statement to the effective date of assignment. However, **SELLER** agrees to provide up to date figures on gas imbalances as they occur either prior to or during the auction or negotiating process. All gas imbalances for the Properties sold, whether arising before or after the effective date of the Assignment, are the responsibility of the **BUYER** upon the effective date of the assignment.

BUYER acknowledges and agrees that the consideration paid by the **BUYER** includes the acceptance by the **BUYER** for the Properties sold, whether arising before or after the effective date of the Assignment, of either over or under production on the **Properties**. **BUYER** is responsible for removing or clearing any balancing obligation. **BUYER** shall indemnify and hold **SELLER** and **EnergyNet.com, Inc.** harmless as to any and all claims of gas imbalances or related liabilities either before or after the effective date of the assignment. If within sixty (60) days from the date of sale, **BUYER** discovers the amount of **SELLER'S** over production gas imbalance is understated by at least 50% for a Property in the Property Information Sheet or in any other information provided by **SELLER** and uploaded to the Website or by subsequent statements prior to sale in the Auction or Negotiating Room by **SELLER**, and **BUYER** notifies **SELLER** of the amount of overproduction within the sixty (60) day period by providing **SELLER** with written evidence of said overproduction, **BUYER** may, at the sole option of the **BUYER**, void the sale of such Property. In the event **BUYER** voids the sale of the Property, **SELLER** shall return to **BUYER** the purchase price plus pay all recording costs associated with

BUYER'S TERMS AND CONDITIONS FOR CHEVRON PROPERTIES

THIS AGREEMENT dated the Intentionally Left Blank day of Intentionally Left Blank, 200__, between **EnergyNet.com, Inc.**, 7201 I-40 West, Suite 319, Amarillo, TX 79106 and Intentionally Left Blank, hereinafter designated as ("**BUYER**"), Intentionally Left Blank (address).

IN CONSIDERATION of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **BUYER** and **EnergyNet.com, Inc.** agree as follows:

PURCHASE OF PROPERTIES IN ONLINE AUCTION OR NEGOTIATING ROOM

BUYER may choose from two alternative methods of purchasing Property under this Agreement: (1) the Online Auction or (2) the Negotiating Room. In the Online Auction, **SELLER** may offer the Property for sale with or without a minimum reserve sales price. A specific date and time are designated for the beginning and ending dates that potential **BUYERS** may bid on the Property. The highest bidder at the ending time and date, whose bid meets the minimum reserve sales price (if any) or whose bid is accepted by **SELLER**, will be obligated to purchase the Property for that price.

BUYER may choose the Negotiating Room as an alternative format for purchasing Properties. In the Negotiating Room, **SELLER** sets an initial asking price for the Property and designates an ending date for the negotiating period. Potential **BUYERS** may make an unlimited number of offers. **SELLER** may lower the asking price to meet a **BUYER'S** offering price. The first **BUYER** whose offering price meets or exceeds **SELLER'S** current asking price will be obligated to purchase the Property for **SELLER'S** current asking price or **BUYER'S** offering price, if higher.

AGREEMENT TO PURCHASE

BUYER hereby agrees to participate either as a bidder in the Online Auction or as offeror in the Negotiating Room for the sale of Oil and Gas Properties on the Website and **EnergyNet.com, Inc.** agrees to allow **BUYER** to participate in the sale based on the following terms and conditions and any additional terms as posted on the Lot, Property Narrative, or Property Information Page and/or Additional Information on the Website:

BUYER'S REPRESENTATIONS, AGREEMENTS, WARRANTIES AND ASSURANCES:

1. SOPHISTICATED, ACCREDITED AND QUALIFIED INVESTOR

BUYER hereby agrees that Properties (hereinafter the "Property" or "Properties" whether used in the singular or plural tense) for sale on the Website are not and will not be registered securities under the Securities Act of 1933, the Securities Exchange Act of 1934 and all applicable State Securities Laws. The **BUYER** hereby acknowledges and agrees that securities exemptions under the applicable Federal and State Laws are based on the **BUYER** being a sophisticated, accredited and qualified investor.

Both the **SELLER** and **EnergyNet.com, Inc.** are offering the Property or Properties for sale only to sophisticated, accredited and qualified **BUYERS**. **BUYER** hereby agrees and acknowledges that any Properties it will acquire will be subject to applicable Federal and State Securities Laws and **BUYER** hereby acknowledges strict compliance with all applicable State and Federal Securities Laws. Therefore, **BUYER** by executing this Agreement to purchase Properties hereby acknowledges and represents:

A. By reason of its knowledge and experience, the **BUYER** or its representative will evaluate the merits and risks of the Properties to be purchased on the Website and will form an opinion based solely upon their knowledge and experience and not upon any statement, representation, or printed material provided or made by **EnergyNet.com, Inc.** and its representatives or **SELLER**.

B. The **BUYER**, being of legal age, has sufficient financial resources in order to bear the risk of loss attendant to the purchase of the Property. "Sufficient Financial Resources" are to be defined as follows:

Not less than an annual income of in excess of \$200,000.00 for any individual natural person in each of the two most recent years or joint income with the person's spouse in excess of \$300,000.00 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

OR

Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase exceeds \$ 1,000,000.00.

OR

A corporation, partnership or business trust not formed for the specific purpose of acquiring the Property or Properties, with total assets in excess of \$5,000,000.00.

C. **BUYER** agrees and acknowledges that if a Purchaser Representative is used, such Purchaser Representative:

- (1) has no business relationships with the **SELLER**;
- (2) represents only the **BUYER** and not the **SELLER**;
- (3) is compensated only by the **BUYER**; and
- (4) is a designated Attorney-in-Fact for **BUYER**, by documentation submitted to **EnergyNet.com, Inc.** prior to sale.

BUYER hereby agrees and acknowledges that **EnergyNet.com, Inc.** has the sole discretionary power to determine that **BUYER** is a qualified and accredited investor as defined above and **BUYER** further acknowledges that this is a continuing right and that **BUYER** may be disqualified at any time by **EnergyNet.com, Inc.**

BUYER acknowledges and agrees that it is under a continuing duty to **EnergyNet.com, Inc.** and **SELLER** to notify the same if **BUYER** subsequently fails to qualify as a sophisticated, qualified and accredited investor, as defined above.

BUYER holds **EnergyNet.com, Inc.** and **SELLER** harmless as to any and all violations of Federal or State Securities Laws which result from any misrepresentation of the **BUYER** being a sophisticated, qualified accredited investor. If it is determined by an applicable regulatory agency that said **BUYER** was not a sophisticated, accredited and qualified investor, **SELLER** can rescind said sale and return 75% of the proceeds to the **BUYER** net of the total commission paid to **EnergyNet.com, Inc.** The remaining 25% of the proceeds may be retained by **SELLER** as liquidated damages and not as a penalty. **BUYER** agrees to indemnify **SELLER** and **EnergyNet.com, Inc.** as to any and all attorneys fees, costs and other damages incurred by the parties in any proceeding which determines that **BUYER** was not a sophisticated, qualified, accredited investor and for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the Properties, prior to the time such rescinded properties are conveyed back to **SELLER**.

2. NO VIEW TO RESALE OR DISTRIBUTION

BUYER hereby agrees and acknowledges that it is purchasing said Properties for investment purposes and not for resale of the Properties. If it is determined by an applicable regulatory agency that said **BUYER** was acquiring Properties with a view to resale, **SELLER** can rescind said sale and return 75% of the proceeds to the **BUYER** net of the total commission paid to **EnergyNet.com, Inc.** The remaining 25% of the proceeds may be retained by **SELLER** as liquidated damages and not as a penalty. **BUYER** agrees to indemnify **SELLER** and **EnergyNet.com, Inc.** as to any and all attorneys fees, costs and other damages incurred by the parties in any proceeding which determines that **BUYER** was acquiring Properties with the intent to resell the same and for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the Properties, prior to the time such rescinded properties are conveyed back to **SELLER**. **BUYER** further agrees that it is the sole purchaser of any Property acquired by it on the Website and that no Property will be divided between two or more buyers.

3. DUE DILIGENCE AND INDEPENDENT EVALUATION

BUYER hereby acknowledges and agrees that it has the sole responsibility to examine all information concerning ownership, condition and production of the Properties placed for sale on the Website by the **SELLER** or otherwise provided to **BUYER**. Further, **BUYER** acknowledges and agrees that if it requires more information concerning said Properties, **BUYER** must contact **EnergyNet.com, Inc.** or the **SELLER** to obtain requested information prior to the beginning date of the Online Auction or sale in the Negotiating Room. In no event will **SELLER** be required or obligated to provide or deliver to **BUYER** any proprietary or confidential information, including but not limited to geology, geophysical, seismic, or other information, which, in **SELLER'S** opinion, it is prohibited from disclosing by contract or otherwise.

BUYER FURTHER AGREES THAT IT WILL MAKE AN INDEPENDENT EVALUATION OF THE PROPERTY AND ACKNOWLEDGES THAT **SELLER** AND **ENERGYNET.COM, INC.** HAVE MADE NO STATEMENTS OR REPRESENTATIONS CONCERNING THE PRESENT OR FUTURE VALUE OF THE FUTURE INCOME, COSTS OR PROFITS, IF ANY, TO BE DERIVED FROM THE PROPERTY.

BUYER FURTHER ACKNOWLEDGES THAT IN MAKING ITS BID OR OFFER, IT HAS RELIED SOLELY UPON ITS INDEPENDENT EXAMINATION OF THE PREMISES AND PUBLIC RECORDS AND **BUYER'S** BIDS AND OFFERS ARE BASED SOLELY ON **BUYER'S** INDEPENDENT INSPECTIONS, ESTIMATES, COMPUTATIONS, EVALUATIONS, REPORTS, STUDIES AND KNOWLEDGE OF THE PROPERTIES. ANY AND ALL INFORMATION PROVIDED BY **SELLER** OR **ENERGYNET.COM, INC.** IN THE PROPERTY INFORMATION SHEET DATA PACKAGES OR OTHERWISE AS WELL AS ANY OTHER INFORMATION PROVIDED BY **SELLER** OR **ENERGYNET.COM, INC.** AS REQUESTED BY **BUYER** ARE FURNISHED TO **BUYER** AT **BUYER'S** SOLE RISK. ALL INFORMATION PROVIDED BY **SELLER** WAS ONLY AS A CONVENIENCE TO **BUYER** AND IS SUBJECT TO THESE DISCLAIMERS, THOSE IN SECTION 11 AND ANY OTHERS HEREIN. **SELLER** AND **ENERGYNET.COM, INC.** DO NOT WARRANT OR REPRESENT AS TO THE ACCURACY OR COMPLETENESS OF THE DATA PRESENTED TO THE **BUYER** AND **BUYER** AGREES TO HOLD HARMLESS **ENERGYNET.COM, INC.** AND **SELLER** FROM ANY RELIANCE BY **BUYER** ON DATA PROVIDED BY THE **SELLER** AND/OR **ENERGYNET.COM, INC.**

4. BUYER'S ASSURANCE OF CAPACITY

BUYER represents and warrants to **SELLER** that it is authorized to hold title to the Properties and is in good standing and duly qualified to conduct its business in the jurisdiction where the Properties are located.

If **BUYER** is a partnership, corporation or limited liability company, **BUYER** warrants and represents that the consummation of the transactions contemplated by this Agreement will not violate nor be in conflict with any provision of Articles of Incorporation, By-Laws, Partnership Agreements and/or Management Agreements and that the transactions contemplated by this Agreement have been duly and validly authorized.

If said Property conveys operating rights of the Property, **BUYER** represents and warrants that it is duly bonded and licensed to operate oil and gas wells within any jurisdiction where the Property is located.

5. CONTRACT COMPLIANCE

BUYER further states that it will comply with all applicable Joint Operating Agreements, Unitization Agreements, Communitization Agreements and any other Agreements which pertain to ownership, or if appropriate operation, of the subject Properties. **BUYER** is fully responsible to obtain waivers of uniform maintenance under Joint Operating Agreements, if needed, and will indemnify and hold harmless **EnergyNet.com, Inc.** and **SELLER** if the same are not obtained by **BUYER**, or waived by third parties.

It is further agreed by **BUYER** that it is its sole responsibility to notify any operators and or disburser or disbursers of revenue of any change in ownership.

the sale of said Property. **BUYER** will assist **SELLER** in the drafting and execution of any conveyancing documents reconveying the interest to **SELLER** free and clear of any and all encumbrances created by **BUYER**. **SELLER** will pay all recording fees for such reconveyance. In addition, **SELLER** agrees to pay and will be liable and responsible to pay to **EnergyNet.com, Inc.** a sum equal to the commission which would have been realized on said Property had the sale not been declared void by the **BUYER**, as described and calculated in accordance with Exhibit "C" attached hereto and made a part hereof.

If the sale of any Property is voided, **BUYER** agrees to indemnify **SELLER** for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the voided sale Properties prior to the time such voided sale Properties are conveyed back to **SELLER**.

8. PREFERENTIAL RIGHTS

BUYER acknowledges and agrees that certain Properties are subject to preferential rights of purchase, consents or permission to assign by nature of Joint Operating Agreements and other Agreements between third parties and **SELLER**.

BUYER acknowledges and agrees that if **BUYER** is the successful bidder on Properties subject to preferential rights, consents or permissions to assign, **BUYER** is to allow **SELLER** upon the date of sale the right to attempt to obtain waivers of the preferential rights, consents or permissions to assign. **BUYER** agrees to allow **SELLER** the time allowed under the Agreements to attempt to obtain the waivers, consents or permissions to assign or sixty (60) days from date of sale, whichever is later. **SELLER** will notify **BUYER** and **EnergyNet.com, Inc.** of the third party's refusal to consent to assign or, if applicable, desire to purchase said Property on the same terms and conditions which includes the payment of the commission and expenses due to **EnergyNet.com, Inc.** All proceeds paid by **BUYER** will be refunded to the **BUYER** upon **SELLER** receiving a refusal to consent to assignment, or receiving proceeds from the party exercising the preferential right to purchase and, if applicable, upon **BUYER** reconveying the Property subject to the consent to assign to **SELLER** or conveying the portion of the Property affected by such preferential right to the party exercising same.

If Property subject to consents to assign or preferential rights sold to **BUYER** exceeds a total purchase price of \$300,000.00, **BUYER** agrees to tender 25% of the purchase price to the Escrow Bank until such time as the consent to assign is granted or refused and/or the preferential right is exercised or waived by the holders of the same. Upon consent to assign or waiver of preferential rights, **BUYER** will tender the remaining 75% of the gross sales price to the Escrow Bank within two (2) full banking days of notification of such consent or waiver by **SELLER**.

9. ENVIRONMENTAL LIABILITIES

BUYER hereby acknowledges and agrees that upon the effective date of the assignment it will assume all responsibility and liability for any and all losses attributable to any and all environmental events or impacts (including without limitation, damage to property, injury or death of persons or other things, natural resource damages, CERCLA response costs, environmental remediation and restoration, and costs or fines or penalties) arising out of or attributable to, in whole or in part, either directly or indirectly, the ownership, condition or operation of the Properties at any time, whether before or after the effective date of the assignment. **BUYER** acknowledges and agrees that the Properties may have been used for oil and gas operations and that some equipment may contain asbestos and/or naturally occurring radioactive material.

10. ROYALTY, OVERRIDING ROYALTY, WORKING INTEREST, CONTRACTUAL LIABILITIES AND OPERATION LIABILITIES

BUYER hereby acknowledges and agrees that any and all liabilities related to obligations to pay royalties, overriding royalties and contractual obligations under Oil and Gas Leases, Joint Operating Agreements and liabilities associated with the ownership, condition or operation of the subject Properties and accruing after the effective date of the assignment become **BUYER'S** liability from the effective date of the assignment.

11. NO WARRANTIES (EXPRESS OR IMPLIED)

Notwithstanding any provision contained in this Agreement to the contrary, **BUYER** acknowledges and agrees that it is acquiring the Properties, wells, equipment or other property

located thereon from **SELLER** WITHOUT REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS, STATUTORY, OR IMPLIED AS TO DESCRIPTION, TITLE, CONDITION (INCLUDING ENVIRONMENTAL CONDITION), QUALITY, FITNESS FOR A GENERAL OR PARTICULAR PURPOSE, CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, MERCHANTABILITY, PRODUCTION, RESERVOIR OR WELL PERFORMANCE, SAFETY OR GOVERNMENTAL COMPLIANCE, OR OTHERWISE. **BUYER** acknowledges and agrees that **SELLER** MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE PHYSICAL CONDITION OF THE PROPERTY nor any statements or representation concerning the present or future value of the anticipated income, costs, or profits, if any, to be derived from the Property. **BUYER ACKNOWLEDGES AND AGREES THAT ALL PROPERTY IS SOLD ON AN "AS IS" AND "WHERE IS" CONDITION, WITH ALL FAULTS.** **BUYER** shall to the extent allowed by law have the right of full substitution and subrogation in and to any and all rights and actions of warranty which **SELLER** has or may have against any and all preceding owners or vendors of the Property.

12. TITLE

BUYER hereby acknowledges and agrees that it has the sole responsibility to examine all information concerning title to the Property and to conduct its own independent evaluation to ascertain title to the Properties and to satisfy itself that title is marketable, defensible or acceptable.

BUYER acknowledges and agrees that it will hold **SELLER** and **EnergyNet.com, Inc.** harmless as to accuracy or completeness of any documents of title to the Properties whether or not furnished by **SELLER** or **EnergyNet.com, Inc.** **BUYER** further acknowledges and agrees that **SELLER** does not warrant title either express or implied and all title to the Properties is on an "AS IS," "WHERE IS" basis with all faults.

13. EFFECTIVE DATE, DATE OF SALE AND CLOSING

The date of sale for Properties purchased in the Online Auction is when **BUYER** is declared to be the successful bidder on **SELLER'S** Property as declared by the online auctioneer. The date of sale for Properties purchased in the Negotiating Room is when the winning **BUYER'S** offer meets or exceeds **SELLER'S** current asking price. The date of closing for any Property will be the date on which all funds owed by **BUYER** for the purchase of a Property have been received by the Escrow Bank and **EnergyNet.com, Inc.** has mailed the assignment for recording.

Subject to the limitation in Section 3, **SELLER** will provide to **BUYER** within ten (10) working days after the date of sale copies (whether electronic, photocopy or otherwise) of all files, records, information and data, whether written or electronically stored, relating to the Properties, including without limitation, all leases, contracts, well data, gas contracts and accounting files maintained by the **SELLER** covering the Properties.

BUYER acknowledges and agrees that the effective date of sale is the date reflected in **SELLER'S** assignment, which date will be the first (1st) day of the month after the date of the sale.

BUYER acknowledges and agrees upon notification from **EnergyNet.com, Inc.** of **BUYER'S** successful bid or offer on **SELLER'S** Property, **BUYER** is to tender the total amount of funds required hereunder to purchase the Property to the designated Escrow Bank (currently The Wells Fargo Bank of Amarillo, Texas; provided however, that **EnergyNet.com, Inc.** may, from time to time, at its sole discretion, change the Escrow Bank to another bank) by one of the following methods.

A. Wire transfer from **BUYER'S** bank or financing institution made payable to **EnergyNet.com, Inc.** (the Wells Fargo Bank of Amarillo, Texas as escrow agent).

B. Next day delivery overnight mail from **BUYER** to **EnergyNet.com, Inc.** Funds must be either certified or check pre-approved by **EnergyNet.com, Inc.**, made payable to **EnergyNet.com, Inc.** (the Wells Fargo Bank of Amarillo, Texas, as escrow agent).

C. Hand or carrier delivered to **EnergyNet.com, Inc.** at its offices at 7201 I-40 West, Suite 319, Amarillo, TX, 79106, with funds either certified or check pre-approved by **EnergyNet.com, Inc.**, made payable to **EnergyNet.com, Inc.** (The Wells Fargo Bank of Amarillo, Texas, as escrow agent).

D. In addition to the purchase price **BUYER** will, by payment of any of the methods listed above in paragraph A, B or C and within the time period provided for below, pay the applicable recording fees, sales tax, if any, and handling/administrative fees due **EnergyNet.com, Inc.** associated with **BUYER'S** purchase.

Escrow Bank is to be considered as a depository only for funds escrowed pursuant to this Agreement and it shall hold and disburse such funds solely on the basis of written instructions it receives from **EnergyNet.com, Inc.** Escrow Bank shall be entitled to rely at all times on the written instructions given to it by **EnergyNet.com, Inc.** without any necessity of verifying the authority therefor. Neither **SELLER** nor **BUYER** shall have any authority to give instructions to or otherwise direct the actions of Escrow Bank with respect to the escrowed funds. **ESCROW BANK SHALL NOT AT ANY TIME BE HELD LIABLE FOR ACTING IN ACCORDANCE WITH THE WRITTEN INSTRUCTIONS IT RECEIVES FROM ENERGYNET.COM, INC. ENERGYNET.COM, INC., SELLER AND BUYER AGREE TO SAVE AND HOLD ESCROW BANK HARMLESS FROM ANY LOSS AND FROM ANY CLAIMS OR DEMANDS ARISING OUT OF ACTIONS TAKEN OR OMITTED TO BE TAKEN BY ESCROW BANK PURSUANT TO SUCH WRITTEN INSTRUCTIONS AND HEREBY AGREE TO INDEMNIFY ESCROW BANK FROM ANY AND ALL CLAIMS, EXPENSES (INCLUDING ATTORNEY'S FEES INCURRED BY ESCROW BANK) OR DEMANDS FOR LOSSES ARISING OUT OF ITS ACTIVITIES AS ESCROW BANK EXCEPT FOR ACTIVITIES CONSTITUTING WILLFUL MISCONDUCT BY THE ESCROW BANK.**

BUYER acknowledges and agrees that **BUYER** shall have two (2) full banking days from the date it is notified of the sale to complete the transfer of funds, unless **SELLER, BUYER, and EnergyNet.com, Inc.** mutually agree otherwise in writing.

Unless otherwise provided in the assignment to be delivered to **BUYER**:

(a) **BUYER** agrees that **SELLER** is entitled to receive all production (including oil in the tanks), revenues and joint interest billings accrued prior to 7 a.m. on the effective date of the assignment. **BUYER** is entitled to receive all production, revenues and joint interest billings which accrue after the effective date of the assignment.

(b) **BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS AS TO ALL CAUSES OF ACTION, CLAIMS, LOSSES, DAMAGES, INJURIES, COSTS, EXPENSES AND LIABILITIES ACCRUING AFTER THE EFFECTIVE DATE OF THE ASSIGNMENT.**

BUYER acknowledges and agrees that upon disbursement of the escrowed funds in the Escrow Bank, **EnergyNet.com, Inc.** shall immediately receive its commission from Escrow Bank, net of listing fee, if any, as set out on the **EnergyNet.com, Inc.'s** Fees and Commission Schedule as set out in Exhibit "C" on the **SELLER'S** Agreement For the Sale of Oil and Gas Properties.

BUYER agrees that all funds will be held in escrow until **SELLER** provides all executed documents of conveyance and any other documents which are required under the terms of this Agreement or **SELLER'S** Agreement.

BUYER acknowledges and agrees that settlement can be withheld if **SELLER** fails to provide requisite assignments or conveyancing documents to **BUYER** or if **SELLER** fails to obtain waivers of preferential rights, consents to assignments, releases or subordinations of encumbrances or any other duty of **SELLER** to assist or assign the Properties to **BUYER** but only to the extent any Properties are so affected.

BUYER agrees that **SELLER'S** assignment will be recorded by **EnergyNet.com, Inc.** in the appropriate jurisdiction, but in no event will any conveyancing document be recorded prior to receipt of 100% of the purchase price and other sums due from **BUYER. EnergyNet.com, Inc.,** within ten (10) banking days of receipt of all funds due from **BUYER** (provided the funds have cleared the Escrow Bank), or when funds are otherwise available for distribution under the terms of this Agreement, and upon receipt of all executed, conveyancing documents and mailing of same for recording, will direct Escrow Bank to release all funds to **EnergyNet.com, Inc.** for disbursement to **SELLER** minus listing fees/commissions and sales tax on listing fees, if any, associated with the sale of **SELLER'S** Properties incurred by **EnergyNet.com, Inc.** **BUYER** agrees that **SELLER** is entitled to receive the interest, if any, accrued on escrow monies held prior to distribution. **BUYER** agrees to pay sales tax, if any, recording fees and **EnergyNet.com, Inc.'s** administrative handling fee.

14. ASSIGNMENT TO CONTROL

BUYER hereby acknowledges and agrees that the assignment to be prepared by **SELLER** is the controlling document over this Agreement as to what interest is conveyed by the **SELLER**. As between **SELLER** and **BUYER** the terms and conditions of the Assignment provided by the **SELLER** and displayed on the Web site with each of **SELLER'S** properties shall supersede and control over any conflicting terms and conditions in this Agreement. Both **BUYER** and **SELLER** have a duty to determine any discrepancies between the assignment and what is represented in the Property information provided. If **SELLER** fails to timely deliver its assignment for examination prior to the sale, **BUYER** agrees to accept such assignment "AS IS" in the form and substance as prepared by **SELLER** when delivered to **EnergyNet.com, Inc.** Subject to Section 6, **BUYER** agrees to hold **EnergyNet.com, Inc.** and **SELLER** harmless as to discrepancies between the assignment and Property information provided.

15. SELLER'S AGREEMENT

BUYER acknowledges and agrees that its purchase of Properties is subject to terms and conditions of the *SELLER'S AGREEMENT FOR THE SALE OF OIL AND GAS PROPERTIES*, substantially in the form attached as Exhibit "A" and hereby states that **BUYER** has read and understands the same. In the event of conflict with same, the *SELLER'S AGREEMENT FOR THE SALE OF OIL AND GAS PROPERTIES* SHALL CONTROL. **BUYER** AGREES TO ALL OF **SELLER'S** WAIVERS, LIMITATIONS, DISCLAIMERS AND REMEDIES THEREIN.

16. SELLER'S DEFAULT

In the event that **SELLER** defaults for any reason whatsoever, **BUYER'S** sole remedy is against the **SELLER** only. **BUYER** indemnifies and holds harmless **EnergyNet.com, Inc.** as to any and defaults of **SELLER**.

17. BUYER'S DEFAULT

BUYER acknowledges and agrees that if it defaults for any reason after the date of sale but prior to the date of closing and does not tender the requested total purchase funds to the Escrow Bank within the required time, **SELLER** will have the option to do the following:

- A. For sales in the Online Auction declare the sale void and sell the Property to the next highest bidder who has the option to tender the full amount of its bid to the Escrow Bank within two (2) banking days of notification.
- B. For sales in the Negotiating Room, declare the sale void and sell the Property to the party next in time, whose offer meets or exceeds **SELLER'S** asking price.
- C. Remove the Property from the Online Auction or Negotiating Room and, at **SELLER'S** option, resell the Property through **EnergyNet.com, Inc.** at a future date.
- D. In addition, **EnergyNet.com Inc.** may, at its sole option and discretion, terminate the **BUYER'S** Agreement executed by **BUYER** and **BUYER'S** right to participate in any subsequent sale on the Website.

BUYER acknowledges and agrees that the above options are remedies for mitigation of damages and that **SELLER** will have the full right to seek damages against **BUYER** for its failure to tender the total purchase funds bid by the **BUYER**. **BUYER** further agrees that **SELLER** and **EnergyNet.com, Inc.** will be entitled to recover all costs and attorneys fees resulting from the **BUYER'S** breach.

If **BUYER** has tendered full or partial funds (whether pursuant to the preferential rights provisions of this contract or otherwise) and then fails to tender the full total purchase price (whether upon waiver or expiration of the third party rights or otherwise), or otherwise defaults as to other terms and conditions as set forth herein, **EnergyNet.com, Inc.** will be entitled to retain the partial funds towards satisfaction of its total purchase price commission as set out in the **SELLER'S** Agreement. Upon satisfaction of the commission, the remaining funds, if any, will be distributed to the **SELLER** as liquidated damages and not as a penalty. Retention of the partial funds does not release the **BUYER** from any action by the **SELLER** for **BUYER'S** breach and **SELLER** will be allowed the mitigation options as set out above and the right to seek

damages from the **BUYER** for its failure to tender the total purchase funds bid by the **BUYER** or to otherwise comply with its obligations.

18. RESERVE OR MINIMUM RESERVE FOR ONLINE AUCTION

BUYER acknowledges and understands that any Property or Properties placed on the Website for sale in the Online Auction shall be offered for sale in the Online Auction on a basis of "no reserve" or on a basis of "minimum reserve".

For the purpose of this Agreement, a "no reserve" basis sale is defined as **SELLER'S** acceptance of the sale of the Properties with no minimum monetary amount. For the purpose of this Agreement, a "minimum reserve" basis sale is defined as **SELLER'S** request for Properties to be sold for not less than a specified minimum monetary amount. "No reserve" Properties are sold to the highest bidder within the time period set for the Online Auction. "Minimum reserve" Properties are sold to the highest bidder within the time period set for the auction only when the highest bid entered equals or exceeds the minimum monetary amount for the Property. The online auctioneer has the sole discretion to declare the highest bidder, arbitrate disputed bids and declare any changes in the Properties or lots being sold.

All sales are final when the auctioneer declares the **BUYER** to be the highest bidder on the Property.

19. PURCHASER REPRESENTATIVES OF BUYER

BUYER acknowledges and agrees that a pre-approved **BUYER** may, by executed Power of Attorney, designate certain individuals to bid, negotiate, or make offers and purchase Properties in the Online Auction or Negotiating Room.

All Attorneys-in-Fact must be pre-approved by **EnergyNet.com, Inc.** prior to the beginning date of an Online Auction or the Negotiating process.

Compensation, if any, is to be paid solely by the **BUYER** to the representative.

20. INDEMNIFICATIONS

A. As to any breach between **BUYER** and **SELLER** as to the purchase of the Property, it is understood by **BUYER** that **EnergyNet.com, Inc.** and its officers, directors, employees, shareholders, agents, representatives, contractors, successors and assigns are not liable to the **BUYER** for any breach resulting from **SELLER'S** failure to close the properties or any other breach of duty owed to the **BUYER** from the **SELLER** by nature of **SELLER'S** Agreement with **EnergyNet.com, Inc.** or any other Agreements between the parties. **BUYER'S** sole remedy is against the **SELLER**.

B. If prior to the date the escrowed funds are disbursed, a dispute arises between **SELLER** and **BUYER** as to the proper disbursement of such funds to be made by **EnergyNet.com, Inc.**, **EnergyNet.com, Inc.** is hereby authorized to receive from Escrow Bank any commission or other fees payable to **EnergyNet.com, Inc.** as provided for herein and **EnergyNet.com, Inc.** shall direct Escrow Bank to retain the remaining funds until **EnergyNet.com, Inc.** receives written instructions executed by **SELLER** and **BUYER** as to the disposition and disbursement of such funds or until ordered by final court order, decree or judgment, which has not been appealed, to deliver such funds to a particular party, in which event such funds shall be delivered in accordance with such instruction, order, decree or judgment.

C. **BUYER** AGREES TO INDEMNIFY **ENERGYNET.COM, INC.** AND ITS OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, AGENTS AND REPRESENTATIVES AS TO ANY AND ALL COSTS, LEGAL OR OTHERWISE, RESULTING FROM BREACHES BY **BUYER**, AS TO ANY AND ALL CAUSES OF ACTION RELATED TO **BUYER'S** DUTIES UNDER THIS AGREEMENT AND ANY OTHER LOSS OR DAMAGE OCCURRING AS A RESULT OF **BUYER'S** DUTIES OWED TO THE **SELLER** OUTSIDE OF THIS AGREEMENT.

ALL INDEMNIFICATIONS EXTEND TO THE BENEFIT OF THE OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, AGENTS, REPRESENTATIVES, AND ASSIGNS OF EACH INDEMNIFIED PARTY. ALL INDEMNITIES SURVIVE THE TERM OF THIS AGREEMENT.

21. TERM OF AGREEMENT

The term of this Agreement, including any subsequent amendments hereto, is for one (1) year from the date **BUYER** executes this Agreement. Notwithstanding this one (1) year term, **BUYER** acknowledges and understands that the terms and provisions of this Agreement may be changed or amended from time to time by **EnergyNet.com, Inc.**, and that **BUYER'S** use of **EnergyNet.com, Inc.'s** Website to bid or make offers on oil and gas properties will be subject to and governed by the terms of the **BUYER'S** Agreement posted on **EnergyNet.com, Inc.'s** website as of seven days prior to the beginning date of the Online Auction or Negotiation Room sale.

BUYER UNDERSTANDS THAT IT IS BUYER'S RESPONSIBILITY AND DUTY TO READ BUYER'S AGREEMENT TO PURCHASE OIL AND GAS PROPERTIES SEVEN DAYS PRIOR TO THE BEGINNING DATE OF ANY AUCTION OR NEGOTIATING ROOM SALE IN WHICH BUYER WISHES TO PARTICIPATE. BY PARTICIPATING IN SUCH ONLINE AUCTION OR NEGOTIATING ROOM BUYER AGREES TO BE BOUND BY THE TERMS OF SUCH BUYER'S AGREEMENT.

22. PAYMENT OF TAXES

For purchases of Properties located in all states except Colorado, New Mexico and Wyoming, **BUYER** agrees that all real estate, use, occupation, ad valorem, personal property taxes and charges on any Property sold to it shall be prorated as of the effective date of the assignment. **SELLER** shall pay all such items for all periods prior to the effective date of the assignment and shall be entitled to all refunds, recoupments, rebates and credits with regard to such periods. **SELLER** shall be responsible for all oil and gas production taxes, windfall profits taxes, and any other similar taxes applicable to hydrocarbons produced from or attributable to the Property sold to **BUYER** prior to the effective date of the assignment, and **BUYER** agrees to be responsible for all such taxes applicable to such hydrocarbons produced from or attributable to the Property sold to it on and after the effective date of the assignment. **SELLER** and **BUYER** believe that a sale of a Property is one occasional sale exempt from sales or use taxes. In the event that any such taxes are assessed against a transaction, **BUYER** agrees to cooperate with **SELLER** in an attempt to eliminate or reduce such taxes. If unsuccessful, **BUYER** agrees to be responsible for any such sales, use and similar taxes arising out of the sale to it of a Property. In that event, **BUYER** agrees to pay **SELLER** any such state and local sales or use taxes, and **SELLER** shall remit such amount to the appropriate taxing authority in accordance with applicable law. **BUYER** agrees to hold harmless and indemnify **SELLER** for any sales or use taxes assessed against **SELLER** by any taxing authority in respect of the sale to **BUYER** of a Property, including the amounts of any penalties, interest and attorney's fees. **BUYER** agrees to pay or reimburse any reasonable legal expenses incurred by **SELLER** to reduce or avoid any of the aforementioned taxes attributable to **BUYER**.

For purchases of Properties located in Colorado, New Mexico and Wyoming, **BUYER** agrees that all real estate, occupation, ad valorem, personal property taxes and charges on any purchased equipment, facilities, plants or other Properties for the current tax year shall be prorated as of the effective date of the assignment. Ad valorem or property taxes on any purchased mineral estate, producing leasehold or produced mineral, which are based on production and/or revenue received and which are taxed in a year following the year of production, shall be subject to proration based on production and revenue received by **BUYER** and **SELLER**. **SELLER** shall be responsible for taxes based on production and revenue received up to the effective date of the assignment, and shall be entitled to all refunds and rebates with regard to such period; **BUYER** agrees to be responsible for taxes based on production and revenue from the effective date of the assignment and thereafter, regardless of the year in which the taxes are due or paid. **SELLER** shall be responsible for all oil and gas severance taxes, production taxes, windfall profits taxes, and any other similar taxes applicable to oil and gas production occurring prior to the effective date of the assignment, and shall be entitled to all refunds and rebates with regard to such period; **BUYER** agrees to be responsible for all such taxes applicable to oil and gas production occurring on and after the effective date of the assignment. **BUYER** agrees to be responsible for all sales, use and similar taxes arising out of the sale to it of the Properties. Prior to the date of closing, **BUYER** agrees to pay **SELLER** all state and local sales or use taxes applicable to that portion of the Properties which is tangible personal property, and **SELLER** shall remit such amount to the appropriate taxing authority in accordance with applicable law, provided, however, that if **BUYER** holds a direct payment permit which is valid at the date of closing, **BUYER** agrees to

assume all responsibility for remitting to the appropriate taxing authority the state and local sales and use taxes due, and shall provide **SELLER** with any exemption certificates or other documentation required under applicable law in lieu of paying **SELLER** the taxes due. **BUYER** agrees to hold harmless and indemnify **SELLER** for any sales or use taxes assessed against **SELLER** by any taxing authority in respect of any sale to **BUYER**, including the amounts of any penalties, interest and attorney’s fee. **BUYER** agrees to pay or reimburse any legal expenses incurred by **SELLER** to reduce or avoid any of the aforementioned taxes attributable to **BUYER**.

23. **SELLER'S ELECTION TO EFFECT IRC §1031 EXCHANGE**

In the event **SELLER** so elects, **BUYER** and **EnergyNet.com, Inc.** agree to cooperate with **SELLER** in effecting a tax-deferred exchange under Internal Revenue Code §1031, as amended. **SELLER** shall have the right to elect this tax-deferred exchange at any time prior to the date funds for a purchase are paid by **BUYER** to **EnergyNet.com, Inc.** If **SELLER** elects to effect a tax deferred exchange, **BUYER** and **EnergyNet.com, Inc.** agree to execute additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that **BUYER** and **EnergyNet.com, Inc.** shall incur no additional costs, expenses, fees or liabilities as a result of or connected with the exchange.

24. **MISCELLANEOUS**

24.1 **Governing Law and Litigation Costs.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas and the exclusive venues for any action arising under this Agreement shall be the Federal District Court in Amarillo or Houston, Texas and the Texas District Court in Potter or Harris County, Texas. The assignment and matters pertaining to the Properties will be governed by and interpreted in accordance with the laws of the states in which the Properties are located. In the event that any party to this Agreement resorts to legal proceedings to enforce this Agreement, the prevailing party in such proceedings shall be entitled to recover all costs incurred by such party, including reasonable attorney fees.

24.2 **Severability.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that if any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any applicable rule or law, such provision will be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transaction contemplated hereby is not affected in a materially adverse manner with respect to either party.

24.3 **Waiver.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other portions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

24.4 **Captions.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that the titles and headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

24.5 **Notices.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that any notice provided or permitted to be given under this Agreement shall be in writing, and may be served by personal delivery including, without limitation by telecopier or facsimile or by depositing same in the United States mail, addressed to the party to be notified, postage prepaid, and registered or certified with a return receipt requested. Notices deposited in the mail in the manner herein above described shall be decreed to have been given and received upon the date of delivery as shown on the return receipt. Notice served in any other manner shall be deemed to have been given and received only if and when actually received by the addressee. For purposes of notice, the addresses of the parties shall be as follows.

If to: **BUYER:**

Intentionally Left Blank
Intentionally Left Blank
Fax:

If to: **EnergyNet.com, Inc.**
7201 I-40 West, Suite 319
Amarillo, TX 79106
Fax:

The address of any party for notice purposes may be changed by such party by giving two days written notice of such change to all other parties to the Agreement.

24.6 Entirety and Amendments. EXCEPT AS SET OUT IN PARAGRAPH 21, NOTWITHSTANDING ANY OTHER LANGUAGE CONTAINED HEREIN TO THE CONTRARY, **BUYER** acknowledges and agrees that this Agreement and all attached Exhibits and the instruments delivered or required to be delivered pursuant hereto supersede all prior negotiations, understandings and Agreements between the parties relating to the subject matter hereof and constitute the entire understanding and Agreement between the parties with respect thereto; and no alterations, modifications, amendments or changes in the Agreement shall be effective or binding unless the same shall be in writing and shall have been executed by **BUYER** and **EnergyNet.com, Inc.**

24.7 Time is of the Essence. Time is of the essence in this Agreement.

BUYER'S TERMS AND CONDITIONS FOR CHEVRON PROPERTIES

THIS AGREEMENT dated the Intentionally Left Blank day of Intentionally Left Blank, 200___, between **EnergyNet.com, Inc.**, 7201 I-40 West, Suite 319, Amarillo, TX 79106 and Intentionally Left Blank, hereinafter designated as ("**BUYER**"), Intentionally Left Blank (address).

IN CONSIDERATION of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **BUYER** and **EnergyNet.com, Inc.** agree as follows:

PURCHASE OF PROPERTIES IN ONLINE AUCTION OR NEGOTIATING ROOM

BUYER may choose from two alternative methods of purchasing Property under this Agreement: (1) the Online Auction or (2) the Negotiating Room. In the Online Auction, **SELLER** may offer the Property for sale with or without a minimum reserve sales price. A specific date and time are designated for the beginning and ending dates that potential **BUYERS** may bid on the Property. The highest bidder at the ending time and date, whose bid meets the minimum reserve sales price (if any) or whose bid is accepted by **SELLER**, will be obligated to purchase the Property for that price.

BUYER may choose the Negotiating Room as an alternative format for purchasing Properties. In the Negotiating Room, **SELLER** sets an initial asking price for the Property and designates an ending date for the negotiating period. Potential **BUYERS** may make an unlimited number of offers. **SELLER** may lower the asking price to meet a **BUYER'S** offering price. The first **BUYER** whose offering price meets or exceeds **SELLER'S** current asking price will be obligated to purchase the Property for **SELLER'S** current asking price or **BUYER'S** offering price, if higher.

AGREEMENT TO PURCHASE

BUYER hereby agrees to participate either as a bidder in the Online Auction or as offeror in the Negotiating Room for the sale of Oil and Gas Properties on the Website and **EnergyNet.com, Inc.** agrees to allow **BUYER** to participate in the sale based on the following terms and conditions and any additional terms as posted on the Lot, Property Narrative, or Property Information Page and/or Additional Information on the Website:

BUYER'S REPRESENTATIONS, AGREEMENTS, WARRANTIES AND ASSURANCES:

1. SOPHISTICATED, ACCREDITED AND QUALIFIED INVESTOR

BUYER hereby agrees that Properties (hereinafter the "Property" or "Properties" whether used in the singular or plural tense) for sale on the Website are not and will not be registered securities under the Securities Act of 1933, the Securities Exchange Act of 1934 and all applicable State Securities Laws. The **BUYER** hereby acknowledges and agrees that securities exemptions under the applicable Federal and State Laws are based on the **BUYER** being a sophisticated, accredited and qualified investor.

Both the **SELLER** and **EnergyNet.com, Inc.** are offering the Property or Properties for sale only to sophisticated, accredited and qualified **BUYERS**. **BUYER** hereby agrees and acknowledges that any Properties it will acquire will be subject to applicable Federal and State Securities Laws and **BUYER** hereby acknowledges strict compliance with all applicable State and Federal Securities Laws. Therefore, **BUYER** by executing this Agreement to purchase Properties hereby acknowledges and represents:

A. By reason of its knowledge and experience, the **BUYER** or its representative will evaluate the merits and risks of the Properties to be purchased on the Website and will form an opinion based solely upon their knowledge and experience and not upon any statement, representation, or printed material provided or made by **EnergyNet.com, Inc.** and its representatives or **SELLER**.

B. The **BUYER**, being of legal age, has sufficient financial resources in order to bear the risk of loss attendant to the purchase of the Property. "Sufficient Financial Resources" are to be defined as follows:

Not less than an annual income of in excess of \$200,000.00 for any individual natural person in each of the two most recent years or joint income with the person's spouse in excess of \$300,000.00 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

OR

Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase exceeds \$ 1,000,000.00.

OR

A corporation, partnership or business trust not formed for the specific purpose of acquiring the Property or Properties, with total assets in excess of \$5,000,000.00.

C. **BUYER** agrees and acknowledges that if a Purchaser Representative is used, such Purchaser Representative:

- (1) has no business relationships with the **SELLER**;
- (2) represents only the **BUYER** and not the **SELLER**;
- (3) is compensated only by the **BUYER**; and
- (4) is a designated Attorney-in-Fact for **BUYER**, by documentation submitted to **EnergyNet.com, Inc.** prior to sale.

BUYER hereby agrees and acknowledges that **EnergyNet.com, Inc.** has the sole discretionary power to determine that **BUYER** is a qualified and accredited investor as defined above and **BUYER** further acknowledges that this is a continuing right and that **BUYER** may be disqualified at any time by **EnergyNet.com, Inc.**

BUYER acknowledges and agrees that it is under a continuing duty to **EnergyNet.com, Inc.** and **SELLER** to notify the same if **BUYER** subsequently fails to qualify as a sophisticated, qualified and accredited investor, as defined above.

BUYER holds **EnergyNet.com, Inc.** and **SELLER** harmless as to any and all violations of Federal or State Securities Laws which result from any misrepresentation of the **BUYER** being a sophisticated, qualified accredited investor. If it is determined by an applicable regulatory agency that said **BUYER** was not a sophisticated, accredited and qualified investor, **SELLER** can rescind said sale and return 75% of the proceeds to the **BUYER** net of the total commission paid to **EnergyNet.com, Inc.** The remaining 25% of the proceeds may be retained by **SELLER** as liquidated damages and not as a penalty. **BUYER** agrees to indemnify **SELLER** and **EnergyNet.com, Inc.** as to any and all attorneys fees, costs and other damages incurred by the parties in any proceeding which determines that **BUYER** was not a sophisticated, qualified, accredited investor and for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the Properties, prior to the time such rescinded properties are conveyed back to **SELLER**.

2. NO VIEW TO RESALE OR DISTRIBUTION

BUYER hereby agrees and acknowledges that it is purchasing said Properties for investment purposes and not for resale of the Properties. If it is determined by an applicable regulatory agency that said **BUYER** was acquiring Properties with a view to resale, **SELLER** can rescind said sale and return 75% of the proceeds to the **BUYER** net of the total commission paid to **EnergyNet.com, Inc.** The remaining 25% of the proceeds may be retained by **SELLER** as liquidated damages and not as a penalty. **BUYER** agrees to indemnify **SELLER** and **EnergyNet.com, Inc.** as to any and all attorneys fees, costs and other damages incurred by the parties in any proceeding which determines that **BUYER** was acquiring Properties with the intent to resell the same and for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the Properties, prior to the time such rescinded properties are conveyed back to **SELLER**. **BUYER** further agrees that it is the sole purchaser of any Property acquired by it on the Website and that no Property will be divided between two or more buyers.

3. DUE DILIGENCE AND INDEPENDENT EVALUATION

BUYER hereby acknowledges and agrees that it has the sole responsibility to examine all information concerning ownership, condition and production of the Properties placed for sale on the Website by the **SELLER** or otherwise provided to **BUYER**. Further, **BUYER** acknowledges and agrees that if it requires more information concerning said Properties, **BUYER** must contact **EnergyNet.com, Inc.** or the **SELLER** to obtain requested information prior to the beginning date of the Online Auction or sale in the Negotiating Room. In no event will **SELLER** be required or obligated to provide or deliver to **BUYER** any proprietary or confidential information, including but not limited to geology, geophysical, seismic, or other information, which, in **SELLER'S** opinion, it is prohibited from disclosing by contract or otherwise.

BUYER FURTHER AGREES THAT IT WILL MAKE AN INDEPENDENT EVALUATION OF THE PROPERTY AND ACKNOWLEDGES THAT **SELLER** AND **ENERGYNET.COM, INC.** HAVE MADE NO STATEMENTS OR REPRESENTATIONS CONCERNING THE PRESENT OR FUTURE VALUE OF THE FUTURE INCOME, COSTS OR PROFITS, IF ANY, TO BE DERIVED FROM THE PROPERTY.

BUYER FURTHER ACKNOWLEDGES THAT IN MAKING ITS BID OR OFFER, IT HAS RELIED SOLELY UPON ITS INDEPENDENT EXAMINATION OF THE PREMISES AND PUBLIC RECORDS AND **BUYER'S** BIDS AND OFFERS ARE BASED SOLELY ON **BUYER'S** INDEPENDENT INSPECTIONS, ESTIMATES, COMPUTATIONS, EVALUATIONS, REPORTS, STUDIES AND KNOWLEDGE OF THE PROPERTIES. ANY AND ALL INFORMATION PROVIDED BY **SELLER** OR **ENERGYNET.COM, INC.** IN THE PROPERTY INFORMATION SHEET DATA PACKAGES OR OTHERWISE AS WELL AS ANY OTHER INFORMATION PROVIDED BY **SELLER** OR **ENERGYNET.COM, INC.** AS REQUESTED BY **BUYER** ARE FURNISHED TO **BUYER** AT **BUYER'S** SOLE RISK. ALL INFORMATION PROVIDED BY **SELLER** WAS ONLY AS A CONVENIENCE TO **BUYER** AND IS SUBJECT TO THESE DISCLAIMERS, THOSE IN SECTION 11 AND ANY OTHERS HEREIN. **SELLER** AND **ENERGYNET.COM, INC.** DO NOT WARRANT OR REPRESENT AS TO THE ACCURACY OR COMPLETENESS OF THE DATA PRESENTED TO THE **BUYER** AND **BUYER** AGREES TO HOLD HARMLESS **ENERGYNET.COM, INC.** AND **SELLER** FROM ANY RELIANCE BY **BUYER** ON DATA PROVIDED BY THE **SELLER** AND/OR **ENERGYNET.COM, INC.**

4. BUYER'S ASSURANCE OF CAPACITY

BUYER represents and warrants to **SELLER** that it is authorized to hold title to the Properties and is in good standing and duly qualified to conduct its business in the jurisdiction where the Properties are located.

If **BUYER** is a partnership, corporation or limited liability company, **BUYER** warrants and represents that the consummation of the transactions contemplated by this Agreement will not violate nor be in conflict with any provision of Articles of Incorporation, By-Laws, Partnership Agreements and/or Management Agreements and that the transactions contemplated by this Agreement have been duly and validly authorized.

If said Property conveys operating rights of the Property, **BUYER** represents and warrants that it is duly bonded and licensed to operate oil and gas wells within any jurisdiction where the Property is located.

5. CONTRACT COMPLIANCE

BUYER further states that it will comply with all applicable Joint Operating Agreements, Unitization Agreements, Communitization Agreements and any other Agreements which pertain to ownership, or if appropriate operation, of the subject Properties. **BUYER** is fully responsible to obtain waivers of uniform maintenance under Joint Operating Agreements, if needed, and will indemnify and hold harmless **EnergyNet.com, Inc.** and **SELLER** if the same are not obtained by **BUYER**, or waived by third parties.

It is further agreed by **BUYER** that it is its sole responsibility to notify any operators and or disburser or disbursers of revenue of any change in ownership.

6. LESSER INTEREST

If **BUYER** discovers that the Property conveyed by **SELLER** is of lesser interest than what was represented on the Property Information Sheet and associated data, or any modifications or changes thereto, **BUYER** must contact the **SELLER** within sixty (60) days from the date of the sale as to the difference in interest and **BUYER** agrees as its sole and exclusive remedy that **SELLER**, within thirty (30) days following receipt of written notification and accompanied by adequate proof of said lesser interest, will, at **SELLER'S** option,

- (a) refund a pro-rata share of the purchase price based on the amount of the interest lost compared to the total price paid for the full or represented interest, or
- (b) cure the defect which is attributable to the lesser interest, subject to **BUYER'S** satisfaction of the recovery and confirmation of the lost interest, or
- (c) rescind the sale and **BUYER** shall reassign the same back to **SELLER** free and clear of any and all encumbrances of **BUYER**, and **SELLER** will refund the amount paid by **BUYER** upon execution and delivery of the assignment from **BUYER** to **SELLER**, said assignment to be effective the same date as the **SELLER'S** assignment to **BUYER**.

Failure to provide notice as provided herein shall be a waiver of any claim for a lesser interest in title. **EnergyNet.com, Inc.** shall be entitled to retain a pro rata portion of any commission paid by **SELLER**. In any event **BUYER'S** sole remedy is against **SELLER**.

If any sale is rescinded, **BUYER** hereby agrees to indemnify **SELLER** for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the rescinded Properties, prior to the time such rescinded Properties are conveyed back to **SELLER**.

7. GAS IMBALANCES

BUYER acknowledges and agrees that Properties which it may bid or make an offer on and said purchase may be subject to gas imbalances pursuant to Gas Balancing Agreements between working interest parties or, in the absence of Gas Balancing Agreements, to gas imbalances between the working interest parties in the unit.

All Properties shall be sold without warranty on an "AS IS, WHERE IS" basis. No adjustment in the purchase price shall be made as a result of an inaccuracy in the estimated gas imbalance amount disclosed by **SELLER**. **SELLER** shall provide information it believes accurate as to the status of gas imbalances for the offered Properties, but makes no representations or warranties as to the accuracy of such information.

As to interests subject to Gas Balancing Agreements, **SELLER** agrees to fully disclose the Gas Balancing Agreement in the Property Information Sheet and **SELLER** will present the last production figures available as to gas imbalances on the subject properties up to the activation of the Property by **EnergyNet.com, Inc.** **BUYER** acknowledges it is its responsibility to monitor the gas imbalance from the effective date of the last Gas Balance Statement to the effective date of assignment. However, **SELLER** agrees to provide up to date figures on gas imbalances as they occur either prior to or during the auction or negotiating process. All gas imbalances for the Properties sold, whether arising before or after the effective date of the Assignment, are the responsibility of the **BUYER** upon the effective date of the assignment.

BUYER acknowledges and agrees that the consideration paid by the **BUYER** includes the acceptance by the **BUYER** for the Properties sold, whether arising before or after the effective date of the Assignment, of either over or under production on the **Properties**. **BUYER** is responsible for removing or clearing any balancing obligation. **BUYER** shall indemnify and hold **SELLER** and **EnergyNet.com, Inc.** harmless as to any and all claims of gas imbalances or related liabilities either before or after the effective date of the assignment. If within sixty (60) days from the date of sale, **BUYER** discovers the amount of **SELLER'S** over production gas imbalance is understated by at least 50% for a Property in the Property Information Sheet or in any other information provided by **SELLER** and uploaded to the Website or by subsequent statements prior to sale in the Auction or Negotiating Room by **SELLER**, and **BUYER** notifies **SELLER** of the amount of overproduction within the sixty (60) day period by providing **SELLER** with written evidence of said overproduction, **BUYER** may, at the sole option of the **BUYER**, void the sale of such Property. In the event **BUYER** voids the sale of the Property, **SELLER** shall return to **BUYER** the purchase price plus pay all recording costs associated with

the sale of said Property. **BUYER** will assist **SELLER** in the drafting and execution of any conveyancing documents reconveying the interest to **SELLER** free and clear of any and all encumbrances created by **BUYER**. **SELLER** will pay all recording fees for such reconveyance. In addition, **SELLER** agrees to pay and will be liable and responsible to pay to **EnergyNet.com, Inc.** a sum equal to the commission which would have been realized on said Property had the sale not been declared void by the **BUYER**, as described and calculated in accordance with Exhibit "C" attached hereto and made a part hereof.

If the sale of any Property is voided, **BUYER** agrees to indemnify **SELLER** for any and all attorneys' fees, costs and other damages or expenses arising from **BUYER'S** ownership and, if applicable, operation of the voided sale Properties prior to the time such voided sale Properties are conveyed back to **SELLER**.

8. PREFERENTIAL RIGHTS

BUYER acknowledges and agrees that certain Properties are subject to preferential rights of purchase, consents or permission to assign by nature of Joint Operating Agreements and other Agreements between third parties and **SELLER**.

BUYER acknowledges and agrees that if **BUYER** is the successful bidder on Properties subject to preferential rights, consents or permissions to assign, **BUYER** is to allow **SELLER** upon the date of sale the right to attempt to obtain waivers of the preferential rights, consents or permissions to assign. **BUYER** agrees to allow **SELLER** the time allowed under the Agreements to attempt to obtain the waivers, consents or permissions to assign or sixty (60) days from date of sale, whichever is later. **SELLER** will notify **BUYER** and **EnergyNet.com, Inc.** of the third party's refusal to consent to assign or, if applicable, desire to purchase said Property on the same terms and conditions which includes the payment of the commission and expenses due to **EnergyNet.com, Inc.** All proceeds paid by **BUYER** will be refunded to the **BUYER** upon **SELLER** receiving a refusal to consent to assignment, or receiving proceeds from the party exercising the preferential right to purchase and, if applicable, upon **BUYER** reconveying the Property subject to the consent to assign to **SELLER** or conveying the portion of the Property affected by such preferential right to the party exercising same.

If Property subject to consents to assign or preferential rights sold to **BUYER** exceeds a total purchase price of \$300,000.00, **BUYER** agrees to tender 25% of the purchase price to the Escrow Bank until such time as the consent to assign is granted or refused and/or the preferential right is exercised or waived by the holders of the same. Upon consent to assign or waiver of preferential rights, **BUYER** will tender the remaining 75% of the gross sales price to the Escrow Bank within two (2) full banking days of notification of such consent or waiver by **SELLER**.

9. ENVIRONMENTAL LIABILITIES

BUYER hereby acknowledges and agrees that upon the effective date of the assignment it will assume all responsibility and liability for any and all losses attributable to any and all environmental events or impacts (including without limitation, damage to property, injury or death of persons or other things, natural resource damages, CERCLA response costs, environmental remediation and restoration, and costs or fines or penalties) arising out of or attributable to, in whole or in part, either directly or indirectly, the ownership, condition or operation of the Properties at any time, whether before or after the effective date of the assignment. **BUYER** acknowledges and agrees that the Properties may have been used for oil and gas operations and that some equipment may contain asbestos and/or naturally occurring radioactive material.

10. ROYALTY, OVERRIDING ROYALTY, WORKING INTEREST, CONTRACTUAL LIABILITIES AND OPERATION LIABILITIES

BUYER hereby acknowledges and agrees that any and all liabilities related to obligations to pay royalties, overriding royalties and contractual obligations under Oil and Gas Leases, Joint Operating Agreements and liabilities associated with the ownership, condition or operation of the subject Properties and accruing after the effective date of the assignment become **BUYER'S** liability from the effective date of the assignment.

11. NO WARRANTIES (EXPRESS OR IMPLIED)

Notwithstanding any provision contained in this Agreement to the contrary, **BUYER** acknowledges and agrees that it is acquiring the Properties, wells, equipment or other property

located thereon from **SELLER** WITHOUT REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS, STATUTORY, OR IMPLIED AS TO DESCRIPTION, TITLE, CONDITION (INCLUDING ENVIRONMENTAL CONDITION), QUALITY, FITNESS FOR A GENERAL OR PARTICULAR PURPOSE, CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, MERCHANTABILITY, PRODUCTION, RESERVOIR OR WELL PERFORMANCE, SAFETY OR GOVERNMENTAL COMPLIANCE, OR OTHERWISE. **BUYER** acknowledges and agrees that **SELLER** MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER AS TO THE PHYSICAL CONDITION OF THE PROPERTY nor any statements or representation concerning the present or future value of the anticipated income, costs, or profits, if any, to be derived from the Property. **BUYER ACKNOWLEDGES AND AGREES THAT ALL PROPERTY IS SOLD ON AN "AS IS" AND "WHERE IS" CONDITION, WITH ALL FAULTS.** **BUYER** shall to the extent allowed by law have the right of full substitution and subrogation in and to any and all rights and actions of warranty which **SELLER** has or may have against any and all preceding owners or vendors of the Property.

12. TITLE

BUYER hereby acknowledges and agrees that it has the sole responsibility to examine all information concerning title to the Property and to conduct its own independent evaluation to ascertain title to the Properties and to satisfy itself that title is marketable, defensible or acceptable.

BUYER acknowledges and agrees that it will hold **SELLER** and **EnergyNet.com, Inc.** harmless as to accuracy or completeness of any documents of title to the Properties whether or not furnished by **SELLER** or **EnergyNet.com, Inc.** **BUYER** further acknowledges and agrees that **SELLER** does not warrant title either express or implied and all title to the Properties is on an "AS IS," "WHERE IS" basis with all faults.

13. EFFECTIVE DATE, DATE OF SALE AND CLOSING

The date of sale for Properties purchased in the Online Auction is when **BUYER** is declared to be the successful bidder on **SELLER'S** Property as declared by the online auctioneer. The date of sale for Properties purchased in the Negotiating Room is when the winning **BUYER'S** offer meets or exceeds **SELLER'S** current asking price. The date of closing for any Property will be the date on which all funds owed by **BUYER** for the purchase of a Property have been received by the Escrow Bank and **EnergyNet.com, Inc.** has mailed the assignment for recording.

Subject to the limitation in Section 3, **SELLER** will provide to **BUYER** within ten (10) working days after the date of sale copies (whether electronic, photocopy or otherwise) of all files, records, information and data, whether written or electronically stored, relating to the Properties, including without limitation, all leases, contracts, well data, gas contracts and accounting files maintained by the **SELLER** covering the Properties.

BUYER acknowledges and agrees that the effective date of sale is the date reflected in **SELLER'S** assignment, which date will be the first (1st) day of the month after the date of the sale.

BUYER acknowledges and agrees upon notification from **EnergyNet.com, Inc.** of **BUYER'S** successful bid or offer on **SELLER'S** Property, **BUYER** is to tender the total amount of funds required hereunder to purchase the Property to the designated Escrow Bank (currently The Wells Fargo Bank of Amarillo, Texas; provided however, that **EnergyNet.com, Inc.** may, from time to time, at its sole discretion, change the Escrow Bank to another bank) by one of the following methods.

A. Wire transfer from **BUYER'S** bank or financing institution made payable to **EnergyNet.com, Inc.** (the Wells Fargo Bank of Amarillo, Texas as escrow agent).

B. Next day delivery overnight mail from **BUYER** to **EnergyNet.com, Inc.** Funds must be either certified or check pre-approved by **EnergyNet.com, Inc.**, made payable to **EnergyNet.com, Inc.** (the Wells Fargo Bank of Amarillo, Texas, as escrow agent).

C. Hand or carrier delivered to **EnergyNet.com, Inc.** at its offices at 7201 I-40 West, Suite 319, Amarillo, TX, 79106, with funds either certified or check pre-approved by **EnergyNet.com, Inc.**, made payable to **EnergyNet.com, Inc.** (The Wells Fargo Bank of Amarillo, Texas, as escrow agent).

D. In addition to the purchase price **BUYER** will, by payment of any of the methods listed above in paragraph A, B or C and within the time period provided for below, pay the applicable recording fees, sales tax, if any, and handling/administrative fees due **EnergyNet.com, Inc.** associated with **BUYER'S** purchase.

Escrow Bank is to be considered as a depository only for funds escrowed pursuant to this Agreement and it shall hold and disburse such funds solely on the basis of written instructions it receives from **EnergyNet.com, Inc.** Escrow Bank shall be entitled to rely at all times on the written instructions given to it by **EnergyNet.com, Inc.** without any necessity of verifying the authority therefor. Neither **SELLER** nor **BUYER** shall have any authority to give instructions to or otherwise direct the actions of Escrow Bank with respect to the escrowed funds. **ESCROW BANK SHALL NOT AT ANY TIME BE HELD LIABLE FOR ACTING IN ACCORDANCE WITH THE WRITTEN INSTRUCTIONS IT RECEIVES FROM ENERGYNET.COM, INC. ENERGYNET.COM, INC., SELLER AND BUYER AGREE TO SAVE AND HOLD ESCROW BANK HARMLESS FROM ANY LOSS AND FROM ANY CLAIMS OR DEMANDS ARISING OUT OF ACTIONS TAKEN OR OMITTED TO BE TAKEN BY ESCROW BANK PURSUANT TO SUCH WRITTEN INSTRUCTIONS AND HEREBY AGREE TO INDEMNIFY ESCROW BANK FROM ANY AND ALL CLAIMS, EXPENSES (INCLUDING ATTORNEY'S FEES INCURRED BY ESCROW BANK) OR DEMANDS FOR LOSSES ARISING OUT OF ITS ACTIVITIES AS ESCROW BANK EXCEPT FOR ACTIVITIES CONSTITUTING WILLFUL MISCONDUCT BY THE ESCROW BANK.**

BUYER acknowledges and agrees that **BUYER** shall have two (2) full banking days from the date it is notified of the sale to complete the transfer of funds, unless **SELLER, BUYER, and EnergyNet.com, Inc.** mutually agree otherwise in writing.

Unless otherwise provided in the assignment to be delivered to **BUYER**:

(a) **BUYER** agrees that **SELLER** is entitled to receive all production (including oil in the tanks), revenues and joint interest billings accrued prior to 7 a.m. on the effective date of the assignment. **BUYER** is entitled to receive all production, revenues and joint interest billings which accrue after the effective date of the assignment.

(b) **BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS AS TO ALL CAUSES OF ACTION, CLAIMS, LOSSES, DAMAGES, INJURIES, COSTS, EXPENSES AND LIABILITIES ACCRUING AFTER THE EFFECTIVE DATE OF THE ASSIGNMENT.**

BUYER acknowledges and agrees that upon disbursement of the escrowed funds in the Escrow Bank, **EnergyNet.com, Inc.** shall immediately receive its commission from Escrow Bank, net of listing fee, if any, as set out on the **EnergyNet.com, Inc.'s** Fees and Commission Schedule as set out in Exhibit "C" on the **SELLER'S** Agreement For the Sale of Oil and Gas Properties.

BUYER agrees that all funds will be held in escrow until **SELLER** provides all executed documents of conveyance and any other documents which are required under the terms of this Agreement or **SELLER'S** Agreement.

BUYER acknowledges and agrees that settlement can be withheld if **SELLER** fails to provide requisite assignments or conveyancing documents to **BUYER** or if **SELLER** fails to obtain waivers of preferential rights, consents to assignments, releases or subordinations of encumbrances or any other duty of **SELLER** to assist or assign the Properties to **BUYER** but only to the extent any Properties are so affected.

BUYER agrees that **SELLER'S** assignment will be recorded by **EnergyNet.com, Inc.** in the appropriate jurisdiction, but in no event will any conveyancing document be recorded prior to receipt of 100% of the purchase price and other sums due from **BUYER. EnergyNet.com, Inc.,** within ten (10) banking days of receipt of all funds due from **BUYER** (provided the funds have cleared the Escrow Bank), or when funds are otherwise available for distribution under the terms of this Agreement, and upon receipt of all executed, conveyancing documents and mailing of same for recording, will direct Escrow Bank to release all funds to **EnergyNet.com, Inc.** for disbursement to **SELLER** minus listing fees/commissions and sales tax on listing fees, if any, associated with the sale of **SELLER'S** Properties incurred by **EnergyNet.com, Inc.** **BUYER** agrees that **SELLER** is entitled to receive the interest, if any, accrued on escrow monies held prior to distribution. **BUYER** agrees to pay sales tax, if any, recording fees and **EnergyNet.com, Inc.'s** administrative handling fee.

14. ASSIGNMENT TO CONTROL

BUYER hereby acknowledges and agrees that the assignment to be prepared by **SELLER** is the controlling document over this Agreement as to what interest is conveyed by the **SELLER**. As between **SELLER** and **BUYER** the terms and conditions of the Assignment provided by the **SELLER** and displayed on the Web site with each of **SELLER'S** properties shall supersede and control over any conflicting terms and conditions in this Agreement. Both **BUYER** and **SELLER** have a duty to determine any discrepancies between the assignment and what is represented in the Property information provided. If **SELLER** fails to timely deliver its assignment for examination prior to the sale, **BUYER** agrees to accept such assignment "AS IS" in the form and substance as prepared by **SELLER** when delivered to **EnergyNet.com, Inc.** Subject to Section 6, **BUYER** agrees to hold **EnergyNet.com, Inc.** and **SELLER** harmless as to discrepancies between the assignment and Property information provided.

15. SELLER'S AGREEMENT

BUYER acknowledges and agrees that its purchase of Properties is subject to terms and conditions of the *SELLER'S AGREEMENT FOR THE SALE OF OIL AND GAS PROPERTIES*, substantially in the form attached as Exhibit "A" and hereby states that **BUYER** has read and understands the same. In the event of conflict with same, the *SELLER'S AGREEMENT FOR THE SALE OF OIL AND GAS PROPERTIES* SHALL CONTROL. **BUYER** AGREES TO ALL OF **SELLER'S** WAIVERS, LIMITATIONS, DISCLAIMERS AND REMEDIES THEREIN.

16. SELLER'S DEFAULT

In the event that **SELLER** defaults for any reason whatsoever, **BUYER'S** sole remedy is against the **SELLER** only. **BUYER** indemnifies and holds harmless **EnergyNet.com, Inc.** as to any and defaults of **SELLER**.

17. BUYER'S DEFAULT

BUYER acknowledges and agrees that if it defaults for any reason after the date of sale but prior to the date of closing and does not tender the requested total purchase funds to the Escrow Bank within the required time, **SELLER** will have the option to do the following:

- A. For sales in the Online Auction declare the sale void and sell the Property to the next highest bidder who has the option to tender the full amount of its bid to the Escrow Bank within two (2) banking days of notification.
- B. For sales in the Negotiating Room, declare the sale void and sell the Property to the party next in time, whose offer meets or exceeds **SELLER'S** asking price.
- C. Remove the Property from the Online Auction or Negotiating Room and, at **SELLER'S** option, resell the Property through **EnergyNet.com, Inc.** at a future date.
- D. In addition, **EnergyNet.com Inc.** may, at its sole option and discretion, terminate the **BUYER'S** Agreement executed by **BUYER** and **BUYER'S** right to participate in any subsequent sale on the Website.

BUYER acknowledges and agrees that the above options are remedies for mitigation of damages and that **SELLER** will have the full right to seek damages against **BUYER** for its failure to tender the total purchase funds bid by the **BUYER**. **BUYER** further agrees that **SELLER** and **EnergyNet.com, Inc.** will be entitled to recover all costs and attorneys fees resulting from the **BUYER'S** breach.

If **BUYER** has tendered full or partial funds (whether pursuant to the preferential rights provisions of this contract or otherwise) and then fails to tender the full total purchase price (whether upon waiver or expiration of the third party rights or otherwise), or otherwise defaults as to other terms and conditions as set forth herein, **EnergyNet.com, Inc.** will be entitled to retain the partial funds towards satisfaction of its total purchase price commission as set out in the **SELLER'S** Agreement. Upon satisfaction of the commission, the remaining funds, if any, will be distributed to the **SELLER** as liquidated damages and not as a penalty. Retention of the partial funds does not release the **BUYER** from any action by the **SELLER** for **BUYER'S** breach and **SELLER** will be allowed the mitigation options as set out above and the right to seek

damages from the **BUYER** for its failure to tender the total purchase funds bid by the **BUYER** or to otherwise comply with its obligations.

18. RESERVE OR MINIMUM RESERVE FOR ONLINE AUCTION

BUYER acknowledges and understands that any Property or Properties placed on the Website for sale in the Online Auction shall be offered for sale in the Online Auction on a basis of "no reserve" or on a basis of "minimum reserve".

For the purpose of this Agreement, a "no reserve" basis sale is defined as **SELLER'S** acceptance of the sale of the Properties with no minimum monetary amount. For the purpose of this Agreement, a "minimum reserve" basis sale is defined as **SELLER'S** request for Properties to be sold for not less than a specified minimum monetary amount. "No reserve" Properties are sold to the highest bidder within the time period set for the Online Auction. "Minimum reserve" Properties are sold to the highest bidder within the time period set for the auction only when the highest bid entered equals or exceeds the minimum monetary amount for the Property. The online auctioneer has the sole discretion to declare the highest bidder, arbitrate disputed bids and declare any changes in the Properties or lots being sold.

All sales are final when the auctioneer declares the **BUYER** to be the highest bidder on the Property.

19. PURCHASER REPRESENTATIVES OF BUYER

BUYER acknowledges and agrees that a pre-approved **BUYER** may, by executed Power of Attorney, designate certain individuals to bid, negotiate, or make offers and purchase Properties in the Online Auction or Negotiating Room.

All Attorneys-in-Fact must be pre-approved by **EnergyNet.com, Inc.** prior to the beginning date of an Online Auction or the Negotiating process.

Compensation, if any, is to be paid solely by the **BUYER** to the representative.

20. INDEMNIFICATIONS

A. As to any breach between **BUYER** and **SELLER** as to the purchase of the Property, it is understood by **BUYER** that **EnergyNet.com, Inc.** and its officers, directors, employees, shareholders, agents, representatives, contractors, successors and assigns are not liable to the **BUYER** for any breach resulting from **SELLER'S** failure to close the properties or any other breach of duty owed to the **BUYER** from the **SELLER** by nature of **SELLER'S** Agreement with **EnergyNet.com, Inc.** or any other Agreements between the parties. **BUYER'S** sole remedy is against the **SELLER**.

B. If prior to the date the escrowed funds are disbursed, a dispute arises between **SELLER** and **BUYER** as to the proper disbursement of such funds to be made by **EnergyNet.com, Inc.**, **EnergyNet.com, Inc.** is hereby authorized to receive from Escrow Bank any commission or other fees payable to **EnergyNet.com, Inc.** as provided for herein and **EnergyNet.com, Inc.** shall direct Escrow Bank to retain the remaining funds until **EnergyNet.com, Inc.** receives written instructions executed by **SELLER** and **BUYER** as to the disposition and disbursement of such funds or until ordered by final court order, decree or judgment, which has not been appealed, to deliver such funds to a particular party, in which event such funds shall be delivered in accordance with such instruction, order, decree or judgment.

C. **BUYER** AGREES TO INDEMNIFY **ENERGYNET.COM, INC.** AND ITS OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, AGENTS AND REPRESENTATIVES AS TO ANY AND ALL COSTS, LEGAL OR OTHERWISE, RESULTING FROM BREACHES BY **BUYER**, AS TO ANY AND ALL CAUSES OF ACTION RELATED TO **BUYER'S** DUTIES UNDER THIS AGREEMENT AND ANY OTHER LOSS OR DAMAGE OCCURRING AS A RESULT OF **BUYER'S** DUTIES OWED TO THE **SELLER** OUTSIDE OF THIS AGREEMENT.

ALL INDEMNIFICATIONS EXTEND TO THE BENEFIT OF THE OFFICERS, DIRECTORS, EMPLOYEES, SHAREHOLDERS, AGENTS, REPRESENTATIVES, AND ASSIGNS OF EACH INDEMNIFIED PARTY. ALL INDEMNITIES SURVIVE THE TERM OF THIS AGREEMENT.

21. TERM OF AGREEMENT

The term of this Agreement, including any subsequent amendments hereto, is for one (1) year from the date **BUYER** executes this Agreement. Notwithstanding this one (1) year term, **BUYER** acknowledges and understands that the terms and provisions of this Agreement may be changed or amended from time to time by **EnergyNet.com, Inc.**, and that **BUYER'S** use of **EnergyNet.com, Inc.'s** Website to bid or make offers on oil and gas properties will be subject to and governed by the terms of the **BUYER'S** Agreement posted on **EnergyNet.com, Inc.'s** website as of seven days prior to the beginning date of the Online Auction or Negotiation Room sale.

BUYER UNDERSTANDS THAT IT IS BUYER'S RESPONSIBILITY AND DUTY TO READ BUYER'S AGREEMENT TO PURCHASE OIL AND GAS PROPERTIES SEVEN DAYS PRIOR TO THE BEGINNING DATE OF ANY AUCTION OR NEGOTIATING ROOM SALE IN WHICH BUYER WISHES TO PARTICIPATE. BY PARTICIPATING IN SUCH ONLINE AUCTION OR NEGOTIATING ROOM BUYER AGREES TO BE BOUND BY THE TERMS OF SUCH BUYER'S AGREEMENT.

22. PAYMENT OF TAXES

For purchases of Properties located in all states except Colorado, New Mexico and Wyoming, **BUYER** agrees that all real estate, use, occupation, ad valorem, personal property taxes and charges on any Property sold to it shall be prorated as of the effective date of the assignment. **SELLER** shall pay all such items for all periods prior to the effective date of the assignment and shall be entitled to all refunds, recoupments, rebates and credits with regard to such periods. **SELLER** shall be responsible for all oil and gas production taxes, windfall profits taxes, and any other similar taxes applicable to hydrocarbons produced from or attributable to the Property sold to **BUYER** prior to the effective date of the assignment, and **BUYER** agrees to be responsible for all such taxes applicable to such hydrocarbons produced from or attributable to the Property sold to it on and after the effective date of the assignment. **SELLER** and **BUYER** believe that a sale of a Property is one occasional sale exempt from sales or use taxes. In the event that any such taxes are assessed against a transaction, **BUYER** agrees to cooperate with **SELLER** in an attempt to eliminate or reduce such taxes. If unsuccessful, **BUYER** agrees to be responsible for any such sales, use and similar taxes arising out of the sale to it of a Property. In that event, **BUYER** agrees to pay **SELLER** any such state and local sales or use taxes, and **SELLER** shall remit such amount to the appropriate taxing authority in accordance with applicable law. **BUYER** agrees to hold harmless and indemnify **SELLER** for any sales or use taxes assessed against **SELLER** by any taxing authority in respect of the sale to **BUYER** of a Property, including the amounts of any penalties, interest and attorney's fees. **BUYER** agrees to pay or reimburse any reasonable legal expenses incurred by **SELLER** to reduce or avoid any of the aforementioned taxes attributable to **BUYER**.

For purchases of Properties located in Colorado, New Mexico and Wyoming, **BUYER** agrees that all real estate, occupation, ad valorem, personal property taxes and charges on any purchased equipment, facilities, plants or other Properties for the current tax year shall be prorated as of the effective date of the assignment. Ad valorem or property taxes on any purchased mineral estate, producing leasehold or produced mineral, which are based on production and/or revenue received and which are taxed in a year following the year of production, shall be subject to proration based on production and revenue received by **BUYER** and **SELLER**. **SELLER** shall be responsible for taxes based on production and revenue received up to the effective date of the assignment, and shall be entitled to all refunds and rebates with regard to such period; **BUYER** agrees to be responsible for taxes based on production and revenue from the effective date of the assignment and thereafter, regardless of the year in which the taxes are due or paid. **SELLER** shall be responsible for all oil and gas severance taxes, production taxes, windfall profits taxes, and any other similar taxes applicable to oil and gas production occurring prior to the effective date of the assignment, and shall be entitled to all refunds and rebates with regard to such period; **BUYER** agrees to be responsible for all such taxes applicable to oil and gas production occurring on and after the effective date of the assignment. **BUYER** agrees to be responsible for all sales, use and similar taxes arising out of the sale to it of the Properties. Prior to the date of closing, **BUYER** agrees to pay **SELLER** all state and local sales or use taxes applicable to that portion of the Properties which is tangible personal property, and **SELLER** shall remit such amount to the appropriate taxing authority in accordance with applicable law, provided, however, that if **BUYER** holds a direct payment permit which is valid at the date of closing, **BUYER** agrees to

assume all responsibility for remitting to the appropriate taxing authority the state and local sales and use taxes due, and shall provide **SELLER** with any exemption certificates or other documentation required under applicable law in lieu of paying **SELLER** the taxes due. **BUYER** agrees to hold harmless and indemnify **SELLER** for any sales or use taxes assessed against **SELLER** by any taxing authority in respect of any sale to **BUYER**, including the amounts of any penalties, interest and attorney’s fee. **BUYER** agrees to pay or reimburse any legal expenses incurred by **SELLER** to reduce or avoid any of the aforementioned taxes attributable to **BUYER**.

23. **SELLER'S ELECTION TO EFFECT IRC §1031 EXCHANGE**

In the event **SELLER** so elects, **BUYER** and **EnergyNet.com, Inc.** agree to cooperate with **SELLER** in effecting a tax-deferred exchange under Internal Revenue Code §1031, as amended. **SELLER** shall have the right to elect this tax-deferred exchange at any time prior to the date funds for a purchase are paid by **BUYER** to **EnergyNet.com, Inc.** If **SELLER** elects to effect a tax deferred exchange, **BUYER** and **EnergyNet.com, Inc.** agree to execute additional escrow instructions, documents, agreements, or instruments to effect the exchange, provided that **BUYER** and **EnergyNet.com, Inc.** shall incur no additional costs, expenses, fees or liabilities as a result of or connected with the exchange.

24. **MISCELLANEOUS**

24.1 **Governing Law and Litigation Costs.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that this Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas and the exclusive venues for any action arising under this Agreement shall be the Federal District Court in Amarillo or Houston, Texas and the Texas District Court in Potter or Harris County, Texas. The assignment and matters pertaining to the Properties will be governed by and interpreted in accordance with the laws of the states in which the Properties are located. In the event that any party to this Agreement resorts to legal proceedings to enforce this Agreement, the prevailing party in such proceedings shall be entitled to recover all costs incurred by such party, including reasonable attorney fees.

24.2 **Severability.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that if any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any applicable rule or law, such provision will be ineffective only to the extent of such invalidity, illegality or unenforceability and all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transaction contemplated hereby is not affected in a materially adverse manner with respect to either party.

24.3 **Waiver.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other portions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

24.4 **Captions.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that the titles and headings in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

24.5 **Notices.** **BUYER** and **EnergyNet.com, Inc.** acknowledge and agree that any notice provided or permitted to be given under this Agreement shall be in writing, and may be served by personal delivery including, without limitation by telecopier or facsimile or by depositing same in the United States mail, addressed to the party to be notified, postage prepaid, and registered or certified with a return receipt requested. Notices deposited in the mail in the manner herein above described shall be decreed to have been given and received upon the date of delivery as shown on the return receipt. Notice served in any other manner shall be deemed to have been given and received only if and when actually received by the addressee. For purposes of notice, the addresses of the parties shall be as follows.

If to: **BUYER:**

Intentionally Left Blank
Intentionally Left Blank
Fax:

If to: **EnergyNet.com, Inc.**
7201 I-40 West, Suite 319
Amarillo, TX 79106
Fax:

The address of any party for notice purposes may be changed by such party by giving two days written notice of such change to all other parties to the Agreement.

24.6 Entirety and Amendments. EXCEPT AS SET OUT IN PARAGRAPH 21, NOTWITHSTANDING ANY OTHER LANGUAGE CONTAINED HEREIN TO THE CONTRARY, **BUYER** acknowledges and agrees that this Agreement and all attached Exhibits and the instruments delivered or required to be delivered pursuant hereto supersede all prior negotiations, understandings and Agreements between the parties relating to the subject matter hereof and constitute the entire understanding and Agreement between the parties with respect thereto; and no alterations, modifications, amendments or changes in the Agreement shall be effective or binding unless the same shall be in writing and shall have been executed by **BUYER** and **EnergyNet.com, Inc.**

24.7 Time is of the Essence. Time is of the essence in this Agreement.