

## **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.