

Lierle Public Relations

U.S. Lease Price Report

U.S. LEASE PRICE REPORT July – August, 2006, Page 9. REGION #3 EAST TEXAS contd.

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		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	5.00	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		75.00	250.00	150.00	16.67	25.00	5.00	50.00	3.00	5.00
TX	JIM HOGG		50.00	200.00	75.00	16.67	25.00	3.00	10.00	2.00	5.00
TX	JIM WELL S		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		1.00	150.00	55.00	16.67	25.00	5.00	20.00	3.00	5.00
TX	NEWTON		50.00	254.00	75.00	16.67	25.00	5.00	25.00	3.00	5.00
TX	NUECES		50.00	510.00	20						

LEGEND

Culture: Background: All

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

Grid: Tobin: Texas Abstract (SDE)

Land: Contracts (LIS)

- {Other}

Land: Fee (LIS)

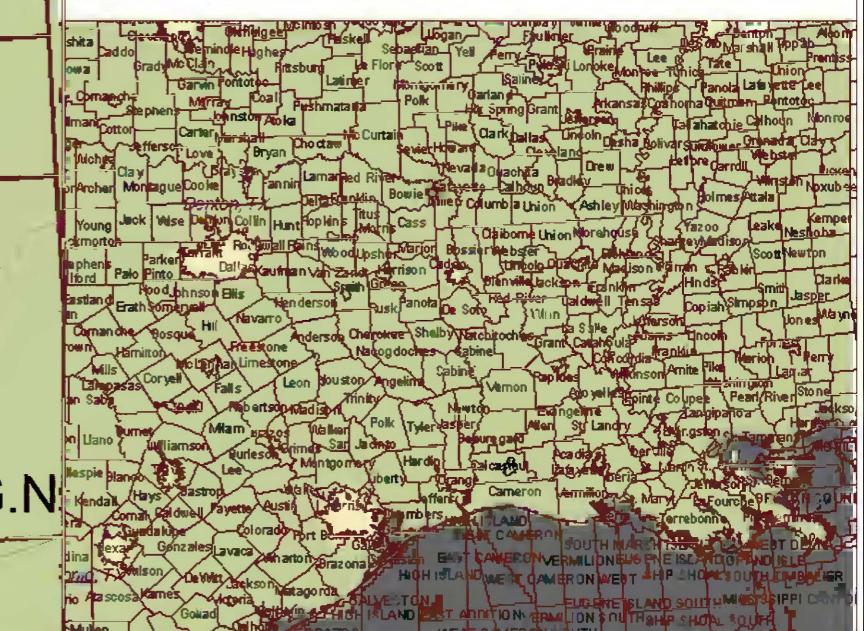
- Fee

Land: Leases (LIS)

- Oil & Gas Lease

Wells: Competitor & Chevron (WPH)

- Junked and Abandoned
- {Other}



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JASPER / NEION COUNTIES, TEXAS

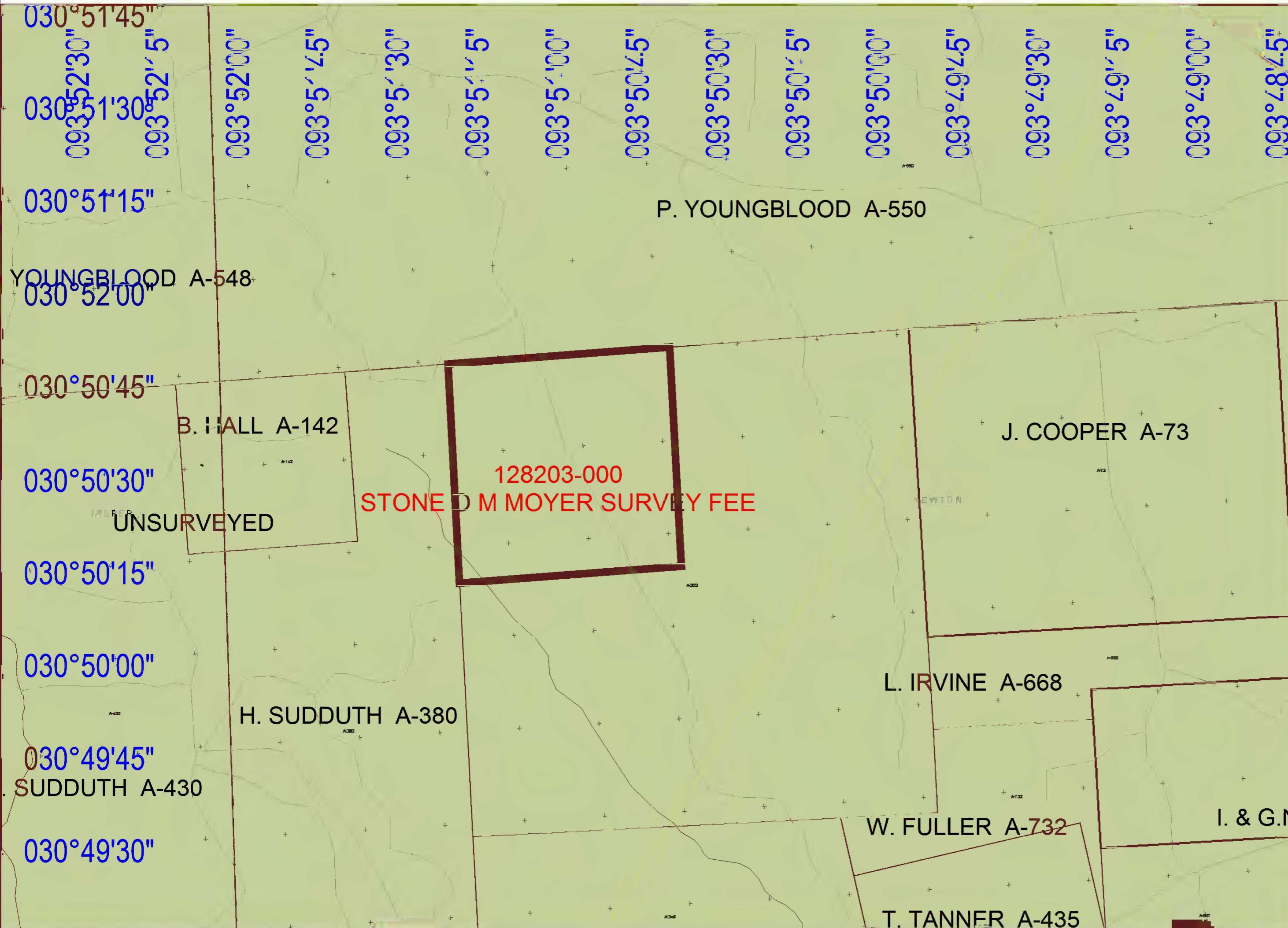


Exhibit "A"

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

_____, Grantee

<u>LIS No</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Date</u>	<u>Recording</u>	<u>Legal Description</u>
128203	O. M. Stone et ux	The Texas Company	10/4/1922	Volume 25, Page 386, Deed Records, Newton County, Texas	300 acres of land, more or less, being a part of the Northwest Quarter of the Peter D. Moyer Survey, A-303, Newton County, Texas, and being the same land more particularly described as follows: Beginning at the Northwest corner of the Peter D. Moyer Survey, A-303; Thence South 1297.9 varas to a stake; Thence East 1305 varas to a point in the West line of a tract conveyed by Peter D. Moyer to Sarah Jane Frazier; Thence North 1297.9 varas to the North line of said Survey; Thence West 1305 varas to the point of beginning.

Exhibit Prepared by:

John W. Wagner
Chevron Corporation
11111 S Wilcrest Rm #N2110
Houston TX 77099

MINERAL DEED

THE STATE OF TEXAS)
(
COUNTY OF JASPER)

KNOW ALL MEN BY THESE PRESENTS: That we, C. M. Stone and his wife, Ethel Ford Stone, of the postoffice of Jasper, Texas, for and in consideration of the sum of Thirty Four Hundred, Seventy-five and 50/100 (\$3,475.50) Dollars, cash in hand paid by The Texas Company, receipt of which is hereby acknowledged, have granted, bargained, sold and conveyed and do now, by these presents, grant, bargain, sell and convey unto the said The Texas Company, a corporation of Texas, having its domicile in the County of Harris in said State, all of the oil, gas and other minerals except as hereinafter reserved, whether similar or dissimilar, on, in or under the following described lands situated in Jasper and Newton Counties, Texas, to-wit:

✓ 368 acres, a part of the Nathaniel Grigsby 1/4 League, Abstract No. 16, and described as follows: Beginning at the northeast corner of the homestead tract of Williams Neyland; thence North 80° 40' West 2215 varas to the West line of said Grigsby survey; thence North 90° 20' East 945 varas to the northwest corner of said Grigsby survey; thence South 80° 40' East 1538 varas to the northwest corner of the W. M. Frazier 50 acre tract; thence South 90° 20' West 143 varas to the southwest corner of said 50 acres; thence South 80° 30' East 950 varas to West line of the John Bevil League; thence South 90° 30' West with the Bevil West line 710 varas to northeast corner of a 3/4-acre tract; thence North 90° 40' West 120 varas to Neylands Branch; thence up said branch 710 varas to the beginning, being in Jasper County, Texas.

✓ 52 acres, a part of the Edward Good League, Abstract No. 15, and 52 acres, a part of the Adam Byerly survey, Abstract No. 7, and described as follows: Beginning at the northwest corner of a 3/4-acre tract out of the southwest corner of the Edward Good League; thence East 514 varas to a stake; thence South 90° 10' varas to a stake; thence East 11 varas to a stake; thence North along the road 910 varas to the beginning, and being the same tract surveyed C. M. Stone by itself recorded in Vol. 17, Page 261, of the Deed records of Jasper County, Texas.

✓ 225 acres, a part of the Edward Good League, Abstract No. 15, and described as follows: Beginning at the northwest corner of the W. Grigsby survey; thence South 90° 21' West 310 varas to a point in the West line of the Grigsby survey; thence North 90° 30' West 100 varas to the line between Good and the Byerly lands; thence North 90° 30' East 346 varas to a stake; thence South 80° 30' East 1714 varas to a stake; thence South 90° 21' West 346 varas to the line between the Good and W. Grigsby surveys; thence North 80° 30' West 1157 varas to the beginning, and being in Jasper County, Texas.

300 acres, a part of the Peter D. Moyer 1280-acre survey and described as follows: Beginning at the northwest corner of said Peter D. Moyer survey; thence South 1297.9 varas to a stake; thence East 1305 varas to a point in the West line of a tract conveyed by Peter D. Moyer to Sarah Jane Frazier; thence North 1297.9 varas to the North line of said survey; thence West 1305 varas to the beginning, and being in Newton County, Texas.

together with the right of ingress and egress for the purpose of drilling or mining for, and producing, storing and transporting such oil, gas or other minerals, with the right to erect any and all necessary structures for such drilling, mining, transporting and storing, and to erect any and all buildings necessary or incident to such operations, with the right to remove any and all property of whatever kind or character placed on said premises.

It is understood that The Texas Company, its successors or assigns, shall never be under obligation to drill or mine for such oil, gas or other minerals, but that such mining or drilling, both before and after production, shall be wholly at the option of the said The Texas Company, its successors or assigns. However, should oil, gas or other minerals be produced from said premises in paying quantities, then there shall be paid to grantors,

their heirs and assigns, a royalty of 1/10 of all the oil, gas or other minerals so produced and saved, except as to sulphur, the royalty shall be 50 cents per ton for each ton mined and marketed, the grantee having the free use of oil and gas for fuel for operations conducted to mine and to produce the same.

The foregoing royalties are not exclusive, but inclusive, of any royalties and rights which may have been reserved by any prior Vendor in the chain of title and such prior royalties and reservations shall be deductible from the royalties herein provided for.

There is especially reserved from this conveyance all gravel, sand, stone and clays (whether classed as minerals or not) found on or below the surface to a depth of 20 feet.

The grantors hereby expressly obligate themselves to execute any supplemental instrument deemed necessary or requested by the grantee for a more perfect description of the land intended to be described in and covered by this instrument.

TO HAVE AND TO HOLD the above described oil, gas and other minerals and the rights herein granted, all and singular, unto the said The Texas Company, its successors and assigns forever; and we do hereby bind ourselves, our heirs, executors and administrators, to warrant and forever defend all and singular said oil, gas and other minerals, and rights herein granted, unto the said The Texas Company, its successors and assigns, against any person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED this the 4th day of October, A. D., 1922.

WITNESSES:

O. M. Stone

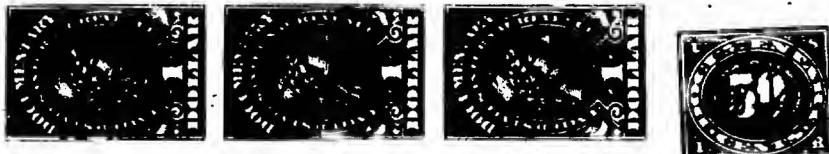
Ethel Ford Stone

THE TEXAS COMPANY,

By John G. Smith, Agent..

THE STATE OF TEXAS)

COUNTY OF Harris)



Before me, the undersigned authority, on this day personally appeared O. M. Stone and his wife, Ethel Ford Stone, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and Ethel Ford Stone, wife of said O. M. Stone, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Ethel Ford Stone, acknowledged said instrument to be her act and deed, and 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 the 4th day of October, A. D., 1922.

J. W. White
Notary Public, Harris County, Texas.



Recorded Oct 24, 1922, 4: PM
in the Deed Records of Jasper County, Texas
in Volume 97, page 139 et seq

Recorded 11/3/22 in Vol. 205, p. 386 et seq., and
deed recorded in Deed Book 1, page 139.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS
COUNTY OF

MINERAL DEED

STATE OF TEXAS }

 }

COUNTY OF }

THIS AGREEMENT, entered into this _____ day of _____, 2006, by and between **CHEVRON U.S.A. INC.**, a Pennsylvania corporation, whose mailing address is 1500 Louisiana, Houston, Texas 77002-7308 (hereinafter referred to as "Grantor") and _____, whose mailing address is _____ (hereinafter referred to as "Grantee"),

DOES WITNESS THAT:

In consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the performance by Grantee of the covenants, agreements, obligations and conditions hereinafter contained, to be kept and performed by Grantee, it is agreed between the parties as follows, to-wit:

1. **Conveyance.** Grantor does hereby grant, bargain, sell, convey and quitclaim to Grantee, without warranty express or implied, all of Grantor's right, title and interest in the oil, gas and other minerals (including but not limited to royalties, overriding royalties, working interests, reversionary interests, or any contractual obligations or interests created pursuant to any Joint Operating Agreement/s) in, under or that may be produced and saved from the property(ies) listed on Exhibit "A" attached hereto and made a part hereof, insofar and only insofar as limited herein (hereinafter referred to as the "Property"), and subject to all of the covenants and conditions hereof and the additional provisions, if any, contained in said Exhibit "A".

2. **No Warranty or Representation by Grantor.** This conveyance is made on an "AS IS, WHERE IS" basis and "WITH ALL FAULTS", and WITHOUT WARRANTIES WHATSOEVER WITH RESPECT TO ANY INTEREST HEREIN TRANSFERRED, EITHER EXPRESS OR IMPLIED, it being expressly agreed by

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

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:

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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.