

UNIT AGREEMENT

SMACKOVER FIELD-WIDE UNIT

BEAVER DAM FIELD

JASPER COUNTY, MISSISSIPPI

February 12, 2009

DKT. # 144-2009-715

UNIT AGREEMENT
SMACKOVER FIELD-WIDE UNIT
BEAVER DAM FIELD
JASPER COUNTY, MISSISSIPPI

THIS AGREEMENT, entered into as of the 12th day of February, 2009, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto;

WITNESSETH:

WHEREAS, in the interest of the public welfare and to promote conservation and increase the ultimate recovery of Unitized Substances from the Beaver Dam Field, in Jasper County, Mississippi, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this Agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct Unit Operations as herein provided;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained, it is agreed as follows:

ARTICLE 1
DEFINITIONS

As used in this Agreement:

1.1 **Unit Area** is the land described in Exhibit B and shown on Exhibit A as to which this Agreement becomes effective or to which it may be extended as herein provided.

1.2 **Unitized Formation** is the subsurface portion of the Unit Area described as those strata in the Smackover Formation currently, formerly or in the future productive of oil and/or gas from the measured depths of 15,318 feet to 15,466 feet on the electrical log for the Oxy USA Inc. – Davis Gatlin A No. 1 situated 2,140' from North line and 1,817' from East line in Section 29, T2N, R13E, Jasper County, and including those strata productive of Unitized Substances which can be correlated therewith.

1.3 **Unitized Substances** are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons other than Outside Substances within or produced from the Unitized Formation.

1.4 **Working Interest** is an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, including a carried interest, the owner of which is primarily obligated to pay, either in cash or out of production or otherwise, a portion of the Unit Expense; however, Oil and Gas Rights that are free of lease or other instrument creating a Working

Interest shall be regarded as a Working Interest to the extent of seven-eighths (7/8) thereof and a Royalty Interest to the extent of the remaining one-eighth (1/8) thereof.

1.5 **Royalty Interest** is a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 **Royalty Owner** is a Person who owns a Royalty Interest.

1.7 **Working Interest Owner, Owner, or Lessee** is a Person who owns a Working Interest.

1.8 **Tract** is the land identified as such and given a tract number in Exhibit C.

1.9 **Unit Operating Agreement** is the agreement having the same Effective Date as this Agreement, entitled "Unit Operating Agreement, Smackover Field-wide Unit, Beaver Dam Field, Jasper County, Mississippi", and with this Agreement constitutes the Plan of Unitization.

1.10 **Unit Operator** is the Person designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations.

1.11 **Tract Participation** is the percentage shown on Exhibit C and Exhibit D for allocating Unitized Substances to a Tract.

1.12 **Unit Participation** of a Working Interest Owner is the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract by the Tract Participation of such Tract.

1.13 **Outside Substances** are substances purchased or otherwise obtained for a consideration by Working Interest Owners and injected into the Unitized Formation.

1.14 **Oil and Gas Rights** are the rights to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

1.15 **Unit Operations** are all operations conducted pursuant to this Agreement and the Unit Operating Agreement.

1.16 **Unit Equipment** is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

1.17 **Unit Expense** is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.18 **Effective Date** is the time and date this Agreement becomes effective as provided in Article 14.

1.19 **Person** is any individual, corporation, partnership, limited liability company, association, receiver, trustee, curator, executor, administrator, guardian, tutor, fiduciary, or other representative of any kind, any department, agency, or instrumentality of the state, or any governmental subdivision thereof, or any other legal entity.

ARTICLE 2 EXHIBITS

2.1 **Exhibits.** The following exhibits, which are attached hereto, are incorporated herein by reference:

2.1.1 **Exhibit A** is a map or plat that shows the boundary lines of the Unit Area, the Tracts therein, and wells completed in the Unitized Formation.

2.1.2 **Exhibit B** sets forth the legal description of the Unit Area.

2.1.3 **Exhibit C** sets forth the legal description of each of the Tracts comprising the Unit Area and the Tract Participation of each Tract.

2.1.4 **Exhibit D** contains the formula for calculating the Tract Participation of each Tract and a schedule that sets forth the data used in computing the Tract Participation of each Tract.

2.2 **Reference to Exhibits.** When reference is made to an exhibit, it is to the original exhibit or, if revised, to the last revision.

2.3 **Exhibits Considered Correct.** All exhibits shall be considered to be correct until revised as herein provided.

2.4 **Correcting Errors.** The shapes and descriptions of the respective Tracts have been established by using the best information available. If any Tract, because of diverse royalty or working interest ownership on the Effective Date, should have been divided into more than one Tract, or if any mechanical miscalculation or clerical error has been made, Unit Operator, with the approval of Working Interest Owners and the State Oil and Gas Board of Mississippi, shall correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit made prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each such revision thereafter made shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 **Filing Revised Exhibits.** If an exhibit is revised, Unit Operator shall execute an appropriate instrument with the revised exhibit attached and file the same with the State

Oil and Gas Board of Mississippi and for record in any county or counties in which this Agreement is filed.

ARTICLE 3 CREATION AND EFFECT OF UNITS

3.1 Oil and Gas Rights Unitized. All Oil and Gas Rights of Royalty Owners in and to the Unit Area, and all Oil and Gas Rights of Working Interest Owners in and to Unit Area, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease contained all of the provisions of this Agreement.

3.2 Personal Property Excepted. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The rights and interests therein as among Working Interest Owners are set forth in the Unit Operating Agreement.

3.3 Amendment of Leases and Other Agreements. The provisions of the various leases, agreements, division and transfer orders, or other instruments pertaining to the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this Agreement, but otherwise shall remain in effect.

3.4 Continuation of Leases and Term Interests. The portion of Unitized Substances produced and allocated to a Tract shall be deemed, for all purposes, to have been produced from such Tract, and operations with respect to any Tract shall be deemed for all purposes to be the conduct of operations for the production of oil or gas, or both, from each and every Tract. Provided, however, when an oil, gas, and mineral lease contains land partially within and partially without the Unit Area, this Agreement and production from the Unit Area shall have no force and effect on lands lying outside the Unit Area and failure of the lessee or lessees thereof to drill and develop such lands lying outside the Unit Area within one (1) year from the Effective Date of this Agreement or during the primary term of the lease, whichever is a longer period of time, shall render such lease or leases on lands lying outside the Unit Area void and of no force and effect, unless held by production other than from production of Unitized Substances.

3.5 Titles Unaffected by Unitization. Nothing herein shall be construed to result in any transfer of title to Oil and Gas Rights.

3.6 Injection Rights. Working Interest Owners are hereby granted the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, together with the right to drill, use, and maintain injection wells in the Unit Area, and to use for injection purposes any nonproducing or abandoned wells or dry holes, and any producing wells completed in the Unitized Formation.

3.7 Development Obligation. Nothing herein shall relieve Working Interest Owners from any obligation to reasonably develop the lands and leases committed hereto.

3.8 Cooperative Agreements. Unit Operator may, after approval by Working Interest Owners, enter into cooperative agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

ARTICLE 4 UNIT OPERATIONS

4.1 Unit Operator. Eland Energy Inc. is hereby designated as the initial Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this Agreement and the Unit Operating Agreement. If there is any conflict between such agreements, this Agreement shall govern.

4.2 Method of Operation. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in enhanced recovery operations in an effort to recover additional Unitized Substances from the Unitized Formation. All Unitized Substances shall be produced and sold as rapidly as possible without decreasing the ultimate recovery of such Unitized Substances or causing damage to the Unitized Formation.

4.3 Change of Method of Operation. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operation which, in their opinion, is no longer in accord with good engineering and production practices.

ARTICLE 5 TRACT PARTICIPATIONS

5.1 Tract Participations. The Tract Participation calculation for each Tract or subdivision thereof is shown on Exhibit D and summarized on Exhibit C. The formula by which the Tract Participation for each Tract is calculated is as follows:

Tract participation shall be based upon 10% surface acreage and 90% net pay acre-feet.

5.2 Relative Tract Participations. If the Unit Area is changed, the revised Tract Participations of the Tracts in the Unit Area and which were within the Unit Area prior to the change shall remain in the same ratio one to another.

ARTICLE 6 ALLOCATION OF UNITIZED SUBSTANCES

6.1 Allocation to Tracts. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such Tract.

6.2 Distribution Within Tracts. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the Persons entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this Agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

6.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective Persons entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such Persons shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided they are so constructed, maintained, and operated as not to interfere with Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of Unitized Substances shall be borne by the owner of such portion. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of Unitized Substances.

6.4 Failure to Take in Kind. If any Person fails to take in kind or separately dispose of such Person's share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the Person owning the share, to purchase or sell to others such share; however, all contracts of sale by Unit Operator of any other Person's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owners of each affected Tract or a Person designated by such Working Interest Owners who shall distribute such proceeds to the Persons entitled thereto.

6.5 Responsibility for Royalty Settlements. Any Person receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract shall be responsible for the payment of all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances, and shall indemnify all Persons, including Unit Operator, against any liability for such payment.

6.6 Royalty on Outside Substances. No payment shall be due or payable to Royalty Owners on substances produced from the Unitized Formation that are deemed to be Outside Substances.

ARTICLE 7 PRODUCTION AS OF THE EFFECTIVE DATE

7.1 Oil or Liquid Hydrocarbons in Lease Tanks. Unit Operator shall gauge or otherwise determine the amount of merchantable oil or other liquid hydrocarbons produced from the Unitized Formation that are in lease and power-oil tanks as of 7:00 a.m. on the Effective Date.

Oil or other liquid hydrocarbons in treating vessels, separation equipment, and tanks below pipeline connections shall not be considered merchantable. Any merchantable oil or other liquid hydrocarbons that are a part of or attributable to the prior allowable of the wells from which they were produced shall remain the property of the persons entitled thereto. Any such merchantable oil or other liquid hydrocarbons not promptly removed may be sold by Unit Operator for the account of the Working Interest Owners entitled thereto who shall pay royalty due thereon under the provisions of applicable leases or other contracts. Any oil or liquid hydrocarbons in excess of that attributable to the prior allowable of the wells from which they were produced shall be credited to all Tracts as if they were Unitized Substances.

7.2 **Overproduction.** If, as of the Effective Date, any Tract is overproduced with respect to the allowable of the wells on that Tract, and if the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be charged against such Tract as having been delivered to the Persons entitled to Unitized Substances allocated to such Tract.

ARTICLE 8 USE OR LOSS OF UNITIZED SUBSTANCES

8.1 **Use of Unitized Substances.** Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

8.2 **Royalty Payments.** No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

ARTICLE 9 TITLES

9.1 **Warranty and Indemnity.** Each Person who, by acceptance of produced Unitized Substances or the proceeds thereof, may claim to own a Working Interest or Royalty Interest in and to any Tract or in the Unitized Substances allocated thereto, shall be deemed to have warranted its title to such interest, and, upon receipt of the Unitized Substances or the proceeds thereof to the credit of such interest, shall indemnify and hold harmless all other Persons in interest from any loss due to failure, in whole or in part, of its title to any such interest.

9.2 **Production Where Title is in Dispute.** If the title or right of any Person claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the direction of Working Interest Owners shall either:

(a) require that the Person to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid furnish security for the proper accounting therefor to the rightful owner if the title or right of such Person fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be

paid to the Person rightfully entitled thereto.

9.3 **Payment of Taxes to Protect Title.** If any taxes are not paid when due by or for any owner of surface rights to lands within the Unit Area, or severed mineral interests or Royalty Interests in such lands, or lands outside the Unit Area on which Unit Equipment is located, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale, or expiration of period of redemption after tax sale, pay the tax and redeem or purchase such rights, interests, or property. Any such payment shall be an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due any delinquent taxpayer an amount sufficient to defray the costs of such payment, such withholding to be credited to Working Interest Owners. Such withholding shall be without prejudice to any other remedy available to Unit Operator or Working Interest Owners.

9.4 **Transfer of Title.** Any conveyance of all or any part of any interest owned by a Person with respect to any Tract shall be subject to this Agreement. No change of title shall be binding upon Unit Operator, or upon any Person other than the Person so transferring, until 7:00 a.m. on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy or a certified copy of the recorded instrument evidencing such change in ownership.

ARTICLE 10 EASEMENTS OR USE OF SURFACE

10.1 **Grant of Easements.** Working Interest Owners shall have the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area.

10.2 **Use of Water.** Working Interest Owners shall have and are hereby granted free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

10.3 **Surface Damages.** Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

ARTICLE 11 CHANGES AND AMENDMENTS

11.1 **Changes and Amendments.** Any change of the Unit Area or any amendment to this Agreement or the Unit Operating Agreement shall be in accordance with Section 53-3-101 et seq. of the 1972 Code of Mississippi (as amended).

ARTICLE 12 RELATIONSHIPS OF PERSONS

12.1 **No Partnership.** All duties, obligations, and liabilities arising hereunder shall be several and not joint or collective. This Agreement shall not be construed to create an association

or trust, or to impose a partnership or fiduciary duty, obligation, or liability. Each Person affected hereby shall be individually responsible for its own obligations.

12.2 **No Joint Refining or Marketing.** This Agreement shall not be construed to provide, directly or indirectly, for any joint refining or marketing of Unitized Substances.

12.3 **Royalty Owners Free of Costs.** This Agreement shall not be construed to impose upon any Royalty Owner any obligation to pay Unit Expense unless such Royalty Owner is otherwise so obligated; provided, however, that any interest created out of a Working Interest, shall be subject to the security rights provided by the Unit Operating Agreement. The owner of any such interest shall be subrogated to the security rights available against the Working Interest out of which such interest was created.

ARTICLE 13 FORCE MAJEURE

13.1 **Force Majeure.** All obligations arising hereunder, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a labor dispute, fire, war, civil disturbance, act of God; by Federal, state, or municipal laws; by any rule, regulations, or order of a governmental agency; by inability to secure materials; or by any other cause or causes, whether similar or dissimilar, beyond reasonable control of the Person. No Person shall be required against his will to adjust or settle any labor dispute. Neither this Agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

ARTICLE 14 EFFECTIVE DATE

14.1 **Effective Date.** This Agreement shall become effective as of the date determined by Working Interest Owners in accordance with the voting provisions of the Unit Operating Agreement. Such determination by Working Interest Owners shall be made in accordance with an order unitizing the Unitized Formation entered by the State Oil and Gas Board of Mississippi.

14.2 **Ipsa Facto Termination.** If this unit is not made effective on or before December 31, 2009, this Agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least seventy-five percent (75%) have approved this Agreement and Working Interest Owners owning more than two-thirds (2/3) of that percent have decided to extend the termination date for a period not to exceed an additional one (1) year. If the termination date is so extended and this unit is not made effective on or before the extended termination date, this Agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as calculated on the basis of the Tract Participations shown on Exhibit C.

14.3 **Certificate of Effectiveness.** Unit Operator shall file with the State Oil and Gas Board of Mississippi and for record in the county or counties in which the land affected is located

a certificate stating the Effective Date.

ARTICLE 15 TERM

15.1 **Term.** This Agreement shall remain in effect so long as Unitized Substances are produced without a cessation of more than ninety (90) days, or so long as other Unit Operations are conducted without a cessation of more than ninety (90) days, unless sooner terminated by Working Interest Owners owning a combined Unit Participation of sixty-six percent (66%) or more whenever such Working Interest Owners determine that Unit Operations are no longer economically feasible.

15.2 **Effect of Termination.** Upon termination of this Agreement, the further development and operation of the Unitized Formation as a unit shall cease. The relationships among owners of Oil & Gas Rights shall thereafter be governed by the terms and provisions of the leases and other instruments, not including this Agreement, affecting the separate Tracts.

15.3 **Salvaging Equipment Upon Termination.** If not otherwise granted by the leases or other instruments affecting the separate Tracts, Working Interest Owners shall have a period of six (6) months after the date of termination of this Agreement within which to salvage and remove Unit Equipment.

15.4 **Certificate of Termination.** Upon termination of this Agreement, Unit Operator shall file with the State Oil and Gas Board of Mississippi and for record in the county or counties in which the land affected is located a certificate that this Agreement has terminated, stating its termination date.

ARTICLE 16 APPROVAL

16.1 **Original, Counterpart, or Other Instrument.** An owner of Oil and Gas Rights may approve this Agreement and become a party to the same by signing the original, a counterpart thereof, or other instrument approving this Agreement. The signing of any such instrument shall have the same effect as if all Persons had signed the same instrument.

16.2 **Commitment of Interests to Unit.** The approval of this Agreement by a Person shall bind that Person and commit all interests owned or controlled by that Person as of the date of such approval, and additional interests thereafter acquired.

ARTICLE 17 DETERMINATIONS BY WORKING INTEREST OWNERS

17.1 **Determinations by Working Interest Owners.** All decisions, determinations, or approvals by Working Interest Owners hereunder shall be made pursuant to the voting procedure of the Unit Operating Agreement unless otherwise provided herein.

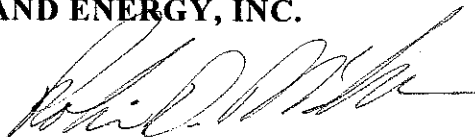
ARTICLE 18 SUCCESSORS AND ASSIGNS

18.1 **Successors and Assigns.** This Agreement shall extend to, be binding upon, and inure to the benefit of the Royalty Owners and Working Interest Owners and their respective heirs, devisees, legal representatives, successors, and assigns, and shall constitute a covenant running with the lands, leases, and interests covered hereby.

IN WITNESS WHEREOF, the Persons hereto have approved this Agreement on the dates under their respective signatures.

ELAND ENERGY, INC.

By:



Title:

VP Land & Leasing

Date:

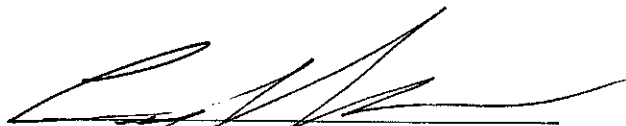
2/12/09

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared Robin D. McGuire, who, as VP Land & General Counsel of Eland Energy, Inc., acknowledged to me that he/she signed, executed and delivered the above and foregoing Unit Agreement for and on behalf of said corporation with full authority so to do.

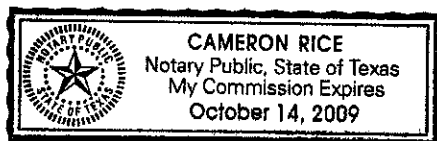
Given under my hand and seal of office this 12th day of February, 2009.



NOTARY PUBLIC

My commission expires: 10-14-2009

(SEAL)



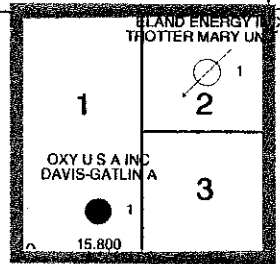
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AMOCO PROD CO
MASONITE CORP ETAL



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GETTY OIL COMPANY
J H TROTTER



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ELAND ENERGY, INC.

DAVIS GATLIN-BEAVER DAM ACREAGE TRACTS

Smackover Waterflood
Sec 29 T2N-R13E Jasper Co MS

Exhibit "A"

0 2,000
FEET

POSTED WELL DATA

Operator
Lease

● Well Number
TO

WELL SYMBOLS

- Oil Well
- Dry Hole
- Abandoned Oil Well
- Injection/Disposal Well

January 23, 2009

EXHIBIT "B"

**SMACKOVER FIELD-WIDE UNIT
BEAVER DAM FIELD
JASPER COUNTY, MISSISSIPPI**

The Unit Area for the Smackover Formation in Beaver Dam Field covers and includes the following described lands situated in Jasper County, Mississippi, to-wit:

The Northeast Quarter (NE/4) of Section 29 of Township 2 North, Range 13 East, containing 160 acres, more or less.

List of wells completed in the Unitized Formation:

Davis Gatlin A No. 1 Well situated 2, 140' from North line and 1,817' from East line in Section 29, T2N, R13E, Jasper County, MS.

Mary Trotter Unit 1 SWD Well situated 660' from North line and 658' from East line in Section 29, T2N, R13E, Jasper County, MS.

EXHIBIT "C"

**SMACKOVER FIELD-WIDE UNIT
BEAVER DAM FIELD
JASPER COUNTY, MISSISSIPPI**

DESCRIPTION OF TRACTS AND TRACT PARTICIPATION

The following-described separate Tracts comprising the Unit Area for the Smackover Formation in Beaver Dam Field are situated in Jasper County, Mississippi, and are designated by the Tract Numbers assigned below, to-wit:

Tract No. 1

Tract Participation 93.2991543%

Tract Description The West Half of the Northeast Quarter (W/2 of NE/4) of Section 29 of Township 2 North, Range 13 East, containing 80 acres, more or less.

Tract No. 2

Tract Participation 3.9125274%

Tract Description The Northeast Quarter of the Northeast Quarter (NE/4 of NE/4) of Section 29 of Township 2 North, Range 13 East, containing 40 acres, more or less.

Tract No. 3

Tract Participation 2.7883183%

Tract Description The Southeast Quarter of the Northeast Quarter (SE/4 of NE/4) of Section 29 of Township 2 North, Range 13 East, containing 40 acres, more or less.

Exhibit "D"
Smackover Field-Wide Unit Beaver Dam Field Jasper County, Mississippi

Tract Participation Formula

(10% Surface Acreage & 90% Net Pay)

Tract No.	Acres	Surface Acreage Participation	Tract Participation on 10% Surface Acreage Participation	Averaged Net Pay for Tract	Net Ac Ft Pay	Net Pay Participation	Tract Participation on 90% Net Pay Participation	Fieldwide Unit Tract Participation
1 *	28.94	0.180875000	0.018087500	0	0.000	0.000000000	0.000000000	0.018087500
1A *	6.58	0.041125000	0.004112500	15	98.700	0.036427318	0.032784586	0.036897086
1B *	7.28	0.045500000	0.004550000	45	327.600	0.120907693	0.108816924	0.113366924
1C *	37.20	0.232500000	0.023250000	60	2232.000	0.823766703	0.741390033	0.764640033
Total Tract 1	80.00	0.500000000	0.050000000			0.981101714	0.882991543	0.932991543
2 †	37.81	0.236312500	0.023631250	0	0.000	0.000000000	0.000000000	0.023631250
2A †	1.76	0.011000000	0.001100000	15	26.400	0.009743477	0.008769129	0.009869129
2B †	0.43	0.002687500	0.000268750	37.5	16.125	0.005951272	0.005356145	0.005624895
Total Tract 2	40.00	0.250000000	0.025000000			0.015694749	0.014125274	0.039125274
3 ‡	39.35	0.245937500	0.024593750	0	0.000	0.000000000	0.000000000	0.024593750
3A ‡	0.62	0.003875000	0.000387500	12.5	7.750	0.002860301	0.002574271	0.002961771
3B ‡	0.03	0.000187500	0.000018750	31	0.930	0.000343236	0.000308912	0.000327662
Total Tract 3	40.00	0.250000000	0.025000000			0.003203537	0.002883183	0.027883183
Unit Totals	160.00	1.000000000	0.100000000		2709.505	1.000000000	0.900000000	1.000000000

* Note: For the purpose of calculating the tract participation of Tract 1, we have split Tract 1 into four (4) sub-tracts as follows: Sub-tract 1 is that portion of Tract 1 lying outside of the 0' contour line as depicted on the Net Pay Isopach Map dated February 12, 2009; Sub-tract 1A is that portion of Tract 1 lying between the 0' and the 30' contour lines as depicted on said Net Pay Isopach Map; Sub-tract 1B is that portion of Tract 1 lying between the 30' and the 60' contour lines as depicted on said Net Pay Isopach Map; Sub-tract 1C is that portion of Tract 1 lying inside of 60' contour line as depicted on said Net Pay Isopach Map

† Note: For the purpose of calculating the tract participation of Tract 2, we have split Tract 2 into three (3) sub-tracts as follows: Sub-tract 2 is that portion of Tract 2 lying outside of the 0' contour line as depicted on the Net Pay Isopach Map dated February 12, 2009; Sub-tract 2A is that portion of Tract 2 lying between the 0' and the 30' contour lines as depicted on said Net Pay Isopach Map; Sub-tract 2B is that portion of Tract 2 lying inside of 30' contour line as depicted on said Net Pay Isopach Map

‡ Note: For the purpose of calculating the tract participation of Tract 3, we have split Tract 3 into three (3) sub-tracts as follows: Sub-tract 3 is that portion of Tract 3 lying outside of the 0' contour line as depicted on the Net Pay Isopach Map dated February 12, 2009; Sub-tract 3A is that portion of Tract 3 lying between the 0' and the 30' contour lines as depicted on said Net Pay Isopach Map; Sub-tract 3B is that portion of Tract 3 lying inside of 30' contour line as depicted on said Net Pay Isopach Map