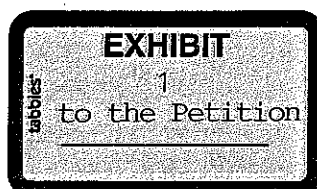


UNIT AGREEMENT  
BRYAN COTTON VALLEY A OIL POOL UNIT  
JONES COUNTY, MISSISSIPPI

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STATE OIL & GAS BOARD



25-2010-125

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**UNIT AGREEMENT**  
**BRYAN COTTON VALLEY A OIL POOL UNIT**

**THIS AGREEMENT**, entered into as of the 1<sup>st</sup> day of November, 2008, by the Persons who have signed the original of this instrument, a counterpart thereof, or other instrument (including by ratification) agreeing to become a party hereto,

**WITNESSETH:**

**WHEREAS**, in the interest of the public welfare and to promote conservation by preventing waste and substantially increasing the ultimate recovery of Unitized Substances from Bryan Field, and to protect the coequal and correlative rights of the owners of interests therein, it is deemed reasonably 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, pursuant to Sections 53-3-101 through 53-3-119 of the 1972 Code of Mississippi (as amended).

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

**ARTICLE I**

**DEFINITIONS**

As used in this Agreement, the terms herein contained shall have the following meanings:

**1.1 Unit Area** is the land described by Tracts in Exhibit A and on Exhibit B 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 of the Cotton Valley A Oil Producing Pool productive of Unitized Substances in the interval between 13,992 feet and extending below the total depth drilled of 14254 feet measured depth (13,673 feet and 13,935 feet subsea depth) in the Eagle Oil & Gas Co. Bryan Cotton Valley Unit 3, Well No. 1, API No. 23-067-00242, located in the Northeast Quarter of Section 26, Township 10 North, Range 10 West, Jones County, Mississippi, as indicated on the electric log of said well, including all sands correlative of said strata and interconnected or in communication therewith, productive of oil or gas. For the purpose of this Agreement, production from any formation within the Unit Area other than the production from the Unitized Formation shall be defined as non-unitized production.

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 all interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which interest is obligated to pay, either in cash or out of production or otherwise, all or a portion of the Unit Expense; however, Oil and Gas Rights that are free of lease or other instruments 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. A Royalty Interest created out of a Working Interest subsequent to the execution of this Agreement by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this Agreement and the Unit Operating Agreement.

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 **Working Interest Owner** is a Person who owns a Working Interest.

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

1.8 **Unit Operating Agreement** is the agreement entered into by Working Interest Owners, having the same Effective Date as this Agreement, entitled Unit Operating Agreement, Bryan Cotton Valley A Oil Pool Unit, Jones County, Mississippi.

1.9 **Unit Operator** is the Working Interest Owner designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations as operator and not as a Working Interest Owner. Eagle Oil & Gas Co. shall be the initial Unit Operator.

1.10 **Tract** is the land described as such and given a Tract number in Exhibit A.

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

1.12 **Unit Participation** of a Working Interest Owner is the sum of the decimal interests obtained by multiplying the Working Interest of such Working Interest Owner by the applicable Tract Participation factor.

1.13 **Outside Substances** are all substances purchased or otherwise obtained from any source other than the Unitized Formation and which are 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 Well** is any well located within the Unit Area and completed in the Unitized Formation and to be used for the joint account in Unit Operations.

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

1.18 **Unit Expense** is all cost, expense and/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.

1.19 **Effective Date** is the time and date this Agreement becomes effective as provided in Article 13.

1.20 **Person** is any individual, corporation, partnership, association, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, any department, agency or instrumentality of the state, or any governmental subdivision thereof, or any other entity capable of holding an interest in the Unitized Formation.

## ARTICLE 2

### EXHIBITS

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

**Exhibit A** is a schedule that describes each Tract in the Unit Area and states its Tract Participation.

**Exhibit B** is a description of the Unit Area and the Tracts therein.

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

2.3 **Exhibits Considered Correct.** Exhibits A and B shall be considered to be correct until revised as herein provided.

2.4 **Correcting Errors.** The shapes, descriptions and ownership of the respective Tracts have been established by using the presently existing units and information. If it subsequently appears that any mechanical miscalculation or clerical error has been made or if additional information becomes available, Unit Operator, with notification to the affected interest owners, shall correct the mistake by revising the

exhibits to conform to the facts. The revision shall not include any reevaluation of engineering or geological interpretation work in determining Tract Participation. Each such revision of an exhibit shall be effective as of 7:00 o'clock 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 Unit Operator 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 for record in the office of the Chancery Clerk of Jones County, Mississippi.

### ARTICLE 3

#### CREATION AND EFFECT OF UNIT

**3.1 Oil and Gas Rights Unitized.** All Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, 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 placed by or owned 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 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 and prior unit agreements, or other instruments pertaining to the respective Tracts or the production therefrom are amended and ratified 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 allocated to a Tract shall be deemed, for all purposes, to have been actually produced from such Tract, and operations with respect to any Tract shall be deemed for all purposes to be the conduct of operations for or the production of oil or gas, or both, from each Tract. However, when an oil, gas or mineral lease contains land partially within and partially without the Unit Area, this Agreement and development of or production from the Unitized Formation 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 or during the term of the lease, whichever is a longer period of time, from the date of determination of the Unit Area by the State Oil and Gas Board of Mississippi 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 or by operations other than Unit Operations, or otherwise held under or pursuant to the applicable lease terms.

**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 and into any other zone or formation of the Unit Area, whether or not unitized hereunder (but which does not contain fresh water and is not productive or oil or gas) any lawful substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, together with the right, except as to those wells not committed by Unit Operator to Unit Operations, (a) to use all former injection or former producing wells located on said Unit Area as of the Effective Date; (b) to drill, use and maintain additional injection wells in the Unit Area; and (c) to use for injection purposes any non-producing or abandoned wells or dry holes, and any producing wells hereafter completed in the Unitized Formation.

**3.7 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.

**3.8 Qualification of Tracts.** On or after the Effective Date and until the enlargement or reduction thereof, the Unit Area shall be composed of the Tracts listed in Exhibit A.

#### ARTICLE 4

#### UNIT OPERATIONS

**4.1 Unit Operator.** Working Interest Owners are concurrently herewith entering into a Unit Operating Agreement, designating Eagle Oil & Gas Co. 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, Unit Operator shall, with diligence and in accordance

with good engineering and production practices, engage in the reworking of existing well or wells and the drilling of additional well or wells in the Unit Area at such location or locations and in such manner as Working Interest Owners may determine under the terms of the Unit Operating Agreement.

**4.3 Change of Method of Operation.** Nothing herein shall prevent Unit Operator from discontinuing or changing in whole or in part any method of operation which, in its opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

## ARTICLE 5

### TRACT PARTICIPATION

**5.1 Tract Participation.** The Tract Participation of each Tract is shown in Exhibit A. The owners of each Tract shall receive Unitized Substances produced from the Unit Area in accordance with the Tract Participation allocated thereto as set forth on Exhibit A. The Tract Participations shown in Exhibit A are accepted and approved by the parties hereto as being correct, fair and equitable.

**5.2 Relative Tract Participation.** If the Unit Area is changed, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the change shall remain in the same ratio one to another. No Tract committed to this Agreement shall be subsequently excluded from participation hereunder because of depletion of Unitized Substances.

## ARTICLE 6

### ALLOCATION OR 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 proportion to the surface acreage of their respective parts of the Tract. Any royalty or other payment

which depends upon per well production or pipeline runs for a well or wells on a Tract shall, after the Effective Date, be determined by dividing the Unitized Substances allocated to the Tract by the number of wells on the Tract producing Unitized Substances on the Effective Date; however, if any Tract has no well thereon producing Unitized Substances on the Effective Date, the Tract shall, for the purpose of this determination, be deemed to have one such well thereon.

**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 a Working Interest therein or by virtue of such entitlement under an existing lease or other contract, subject, however, to the right of Unit Operator to take for use in Unit Operations and the right to withhold and sell the same in payment of Unit Expenses pursuant to this Unit Agreement. 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.

**6.4 Failure to Take In Kind.** 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. If any Working Interest Owner fails to take in kind or separately dispose of his 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 Working Interest Owner, 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 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.** If any Outside Substance consisting of natural gases is injected into the Unitized Formation, one hundred percent (100%) of any like substance contained in

Unitized Substances subsequently produced and sold, or used for other than Unit Operations, shall be deemed to be a part of the Outside Substance so injected until the total volume deemed to be such Outside Substance equals the total volume of such Outside Substance so injected. No payment shall be due or payable to Royalty Owners on substances produced from the Unitized Formation that are deemed to be Outside Substances.

6.7 **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.

## ARTICLE 7

### USE OR LOSS OF UNITIZED SUBSTANCES

7.1 **Use of Unitized Substances.** Working Interest Owners may use or consume as much of the Unitized Substances as they deem necessary for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

7.2 **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 8

### TITLES

8.1 **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 interests, and, upon receipt of the Unitized Substances or the proceeds thereof to the credit of such

interests, shall indemnify and hold harmless all other parties in interest from any loss due to failure, in whole or in part, of its title to any such interest.

**8.2 Production Where Title Is In Dispute.** If the title or right of said Person claiming the right to receive in kind or proceeds from all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator may 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 and market is in dispute, and impound the proceeds thereof with interest as required by law 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 Unit Operator, whereupon the proceeds so impounded shall be paid to the Person rightfully entitled thereto.

**8.3 Payment of Taxes to Protect Title.** If any taxes are not paid when due by or for any owner of any interest in and to lands within the Unit Area, or lands outside the Unit Area on which Unit Equipment is located, Unit Operator may, but is not required to, at any time prior to tax sale or prior to expiration of the 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.

**8.4 Transfer of Title.** Any conveyance of all or any part of any interests 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 o'clock a.m. on the first day of the calendar month, next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument or other legally authenticated writing evidencing such change in ownership, and, in the case of change in the ownership of Royalty Interests, the receipt also by the owner of the Working Interest affected by such change of such evidence of change in ownership.

**8.5 Conflicting Claims.** The execution or ratification of this Agreement by parties asserting conflicting claims of title to the Royalty Interests or Working Interests in any Tract within the Unit Area shall not prejudice or be in derogation or defeasance of any such claims of title.

#### **ARTICLE 9**

##### **EASEMENTS OR USE OF SURFACE**

**9.1 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.

**9.2 Use of Water.** Working Interest Owners shall have and are hereby granted free use of water from the Unit Area for Unit Operations as allowed by law.

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

#### **ARTICLE 10**

##### **CHANGES AND AMENDMENTS**

**10.1 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 53-3-109 of the 1972 Code of Mississippi (as amended). Any changes and amendments hereto or corrections provided for in Article 2.4 shall be filed in the same manner as this Agreement.

#### **ARTICLE 11**

##### **THE RELATIONSHIP OF PARTIES**

**11.1 No Partnership.** The 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 with regard to any one or more of the parties hereto. Each Person shall be individually responsible for its own obligations as herein provided.

**11.2 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.

11.3 **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. Further, with respect to payment of lessor's royalty, notwithstanding a Working Interest Owner's responsibility and sole obligation to discharge such burdens on his interests, if a Working Interest Owner defaults in payment of Unit Expenses, the Unit Operator will not withhold such lessor's base royalty up to a maximum of one-eighth (1/8) lessor's royalty as reflected in the original lease contract.

## ARTICLE 12

### FORCE MAJEURE

12.1 **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, or act of God; by litigation in any court; by federal, state or municipal laws; by any rule, regulation or order of a governmental agency; by inability to secure materials and services at reasonable costs; by inability to obtain at reasonable cost and after the exercise of reasonable diligence servitudes, rights-of-way grants and licenses; or by any other cause or causes, whether similar or dissimilar, beyond reasonable control of the Person so obligated. No Person shall be required against his will to adjust or settle any labor dispute or litigation. Neither this Agreement nor any lease or other instrument subject hereto shall be terminated by reason of failure to commence or of suspension of Unit Operations due in whole or in part to any one or more of the causes set forth in this Article, but same shall remain in force so long as such cause or causes persist and for a period of ninety (90) days thereafter, and upon the resumption of Unit Operations, so long as this Agreement is maintained in effect under the terms of Article 13.

## ARTICLE 13

### EFFECTIVE DATE AND TERM

13.1 **Effective Date.** This Agreement shall become effective as of the date determined by and in accordance with the order approving this Plan of Unitization, by the State Oil and Gas Board of Mississippi.

**13.2 Ipso Facto Termination.** If this Unit is not made effective on or before two years from the date of this Agreement, this Agreement shall ipso facto terminate on that date and thereafter be of no further effect.

**13.3 Certificate of Effectiveness.** Unit Operator shall file for record in the office of the Chancery Clerk of Jones County, Mississippi, a Certificate of Effectiveness stating the Effective Date.

**13.4 Term.** This Agreement shall remain in effect for a period of two (2) years from the Effective Date, and as long thereafter as Unitized Substances are produced in paying quantities, or so long as other Unit Operations are conducted, including, but not limited to surface or subsurface operations necessary to install and operate a waterflood, or any other enhanced recovery project, without a cessation of more than ninety (90) consecutive days, or so long as such operations are suspended by operation of the terms of Article 12 hereof, unless sooner terminated by Working Interest Owners owning a combined Unit Participation of seventy-five percent (75%) or more whenever such Working Interest Owners determine that Unit Operations are no longer profitable or economically feasible.

**13.5 Effect of Termination.** Upon termination of this Agreement, the further development and operation of the Unitized Formation as a unit shall cease. Each oil and gas lease and other agreement covering lands within the Unit Area shall remain in force for sixty (60) days after the date on which this Agreement terminates and for such further period as is provided by the lease or other agreement.

**13.6 Right to Continue Operating Wells.** Upon termination of the Unit Agreement, Working Interest Owners of any Tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator, for credit to the joint account, the net salvage value, as determined by Working Interest Owners, of the casing and equipment, through wellhead, in and on the wells taken over and by agreeing upon abandonment to plug each well in compliance with applicable laws and regulations.

**13.7 Salvaging Equipment Upon Termination.** 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.

**13.8 Certificate of Termination.** Upon termination of this Agreement, Unit Operator shall file for record in the office of the Chancery Clerk of Jones County, Mississippi, a Certificate of Termination certifying that this Agreement has terminated and stating its termination date.

## ARTICLE 14

### EXECUTION



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

**14.2 Joinder In Dual Capacity.** Execution as herein provided by any Person as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such Person as of the date of execution, and any additional interests thereafter acquired.

## ARTICLE 15

### GENERAL

**15.1 Amendments Affecting Working Interest Owners.** Amendments hereto relating wholly to Working Interest Owners may be made if approved and signed by Working Interest Owners as provided for in the Unit Operating Agreement.

**15.2 Action by Working Interest Owners.** Except as otherwise provided in this Agreement, any action or approval required by Working Interest Owners hereunder shall be in accordance with provisions of the Unit Operating Agreement.

**15.3 Lien and Security Interest of Unit Operator.** Unit Operator shall have a lien upon and a security interest and the other rights in the interests of Working Interest Owners in the Unit Area as provided in the Unit Operating Agreement.

## ARTICLE 16

### SUCCESSORS AND ASSIGNS

**16.1 Successors and Assigns.** This Agreement shall extend to, be binding upon, and inure to the benefit of all Persons executing the same, and their respective heirs, devisees, legal representatives, successors, and assigns.

**16.2 Covenant Running With the Land.** This Agreement shall constitute a covenant running with the lands, leases, and interests covered hereby.

**16.3 Notice of Transfer.** Any conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this Agreement. No change of title shall be binding on the Unit Operator, or upon any party hereto other than the party so transferring,

until 7:00 o'clock a.m. on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument evidencing such change in ownership.

## ARTICLE 17

### SECURITY RIGHTS UNDER UNIT OPERATING AGREEMENT

**17.1 Notice of Security Rights.** Notice is hereby given of the security rights found in the Unit Operating Agreement which provides that each Working Interest Owner grant to Unit Operator a lien upon its Oil and Gas Rights in the Unit Area, and a security interest in its share of Unitized Substances when extracted and its interest in Unit Equipment, to secure payment of its share of Unit Expenses, together with interest thereon, plus attorney's fees, court costs and other costs in connection with the collection of unpaid amounts. To the extent that Unit Operator has a security interest under the laws of the State of Mississippi, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under said laws. The bringing of a suit and the obtaining of judgment by Unit Operator for the secured indebtedness is not deemed to be an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Working Interest Owner in the payment of its share of Unit Expenses, Unit Operator has the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest, has been paid. Each purchaser is entitled to rely upon Unit Operator's written statement concerning the amount of default.

**17.2 Obligation to Pay Proportionate Part.** If any Working Interest Owner fails to pay its share of Unit Expense at the termination of the Unit and after rendition of a statement by Unit Operator, the non-defaulting Working Interest Owners, including Unit Operator, shall upon request by Unit Operator pay the unpaid amount in the proportion that the interest of each such Person bears to the interest of all such non-defaulting Working Interest Owners. Each non-defaulting Working Interest Owner so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

**17.3 Non-Waiver of Rights.** This Article is intended to be used for the perfecting of the liens and security interests recited above, and nothing herein is intended to constitute, nor shall it be deemed as, a waiver of any of the Persons' rights under the Unit Operating Agreement. Nor does Unit Operator or any of the Working Interest Owners waive any rights, titles and interests arising from their possession of

the oil and gas leasehold estate in the Unit Area, the Unitized Substances produced therefrom and the proceeds thereof, and the material and Unit Equipment thereon.

**ARTICLE 18**

**LAWS AND REGULATIONS**

**18.1 Laws and Regulations.** This Agreement shall be subject to the laws of the State of Mississippi; to the valid rules, regulations and orders of the State Oil and Gas Board of Mississippi; and to all other applicable federal, state and municipal laws, rules, regulations and orders.

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

**EAGLE OIL & GAS CO.**

By: \_\_\_\_\_  
Printed Name: Pat S. Bolin  
Title: President

STATE OF TEXAS  
COUNTY OF DALLAS

PERSONALLY CAME and appeared before me, the undersigned authority in and for the aforesaid jurisdiction, the within named PAT S. BOLIN, who being by me first duly sworn, states under oath that he is the President of EAGLE OIL & GAS CO., and that for and on behalf of Eagle Oil & Gas Co., he signed, executed and delivered the above and foregoing Unit Agreement on the day and year therein mentioned after first being duly authorized.

GIVEN UNDER MY hand and official seal of office, this \_\_\_\_\_ day of December, 2009.

(SEAL) NOTARY PUBLIC

My commission expires:  
\_\_\_\_\_

**EXHIBIT A**

to

**UNIT AGREEMENT**

**DATED NOVEMBER 1, 2008**

**BRYAN COTTON VALLEY A OIL POOL UNIT  
JONES COUNTY, MISSISSIPPI  
TRACT DESCRIPTIONS AND TRACT PARTICIPATION DECIMALS**

The Proposed Cotton Valley A Oil Pool Unit located in the vicinity of Sec 25 and 26 T10 N R10W of the Bryan Field consists of six (6) separate tracts totaling approximately 400 acres. Specific geographical descriptions for each of the individual tracts are defined as follows:

- TRACT 1- N/2 of NW/4 Sec 25; T10N, R10W; APPROX 80 ACRES) JONES CO., MS
- TRACT 2- N/2 of NE/4 Sec 26; T10N, R10W; (APPROX 80 ACRES) JONES CO, MS
- TRACT 3- SE/4 of NE/4 & NE/4 of SE/4 26; T10N, R10W; (APPROX 80 ACRES) JONES CO, MS
- TRACT 4- S/2 of NW/4 Sec 25; T10N, R10W; (APPROX 80 ACRES) JONES CO, MS
- TRACT 5- SW/4 of the NE/4 of Sec 26; T10N, R10W; (APPROX 40 ACRES) JONES CO, MS
- TRACT 6- NW/4 of the SW/4 of Sec 25; T10N, R10W; (APPROX 40 ACRES) JONES CO, MS

**Proposed Tract Participation Decimals and Tract Factors for Cotton Valley A Oil Pool Unit**

TRACT 1 - 80 ac of 400 ac	-	14.39234%
TRACT 2 - 80 ac of 400 ac	-	31.13930%
TRACT 3 - 80 ac of 400 ac	-	28.53969%
TRACT 4 - 80 ac of 400 ac	-	23.73058%
TRACT 5 - 40 ac of 400 ac	-	1.84161%
TRACT 6 - 40 ac of 400 ac	-	0.35649%
		100.00000%

Total Participation by Six (6) Tracts . 1.00000000

\*The formula for computing the tract participation factors is based 50% on net acre feet pay, and 50% on cumulative oil to November 1, 2008.

**EXHIBIT B**

to

**UNIT AGREEMENT**

**DATED NOVEMBER 1, 2008**

**BRYAN COTTON VALLEY A OIL POOL UNIT  
JONES COUNTY, MISSISSIPPI**

**DESCRIPTION OF UNIT AREA**

Description of Unit:

The following-described lands situated in Jones County, Mississippi, to-wit:

Township 10 North, Range 10 West

Section 25:	NW/4 and NW/4 SW/4
Section 26:	NE/4, and NE/4 SE/4

The above-described lands are situated in Sections 25 and 26, Township 10 North, Range 10 West, Jones County, Mississippi, and contains a total of 400 acres, more or less.