PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of March 6, 2012, by and between **Bridge Energy Inc.**, a Colorado corporation, whose address is 1580 Lincoln Street, Suite 1110, Denver, Colorado 80203 ("Seller"), and **AM Idaho LLC** (f/k/a AM Montana LLC), a Texas limited liability company, whose address is 15201 Katy Freeway, Suite 400, Houston, Texas 77094 ("Buyer"). Seller and Buyer may be referred to herein individually as a "Party" or collectively as the "Parties".

WITNESSETH

WHEREAS, Seller desires to sell, assign and convey to Buyer and Buyer desires to purchase and accept, on the terms and conditions set forth in this Agreement, the following (being hereinafter collectively referred to as the "Properties"):

(a) An undivided thirty-six percent (36%) of eight-eighths (8/8ths) (the "Assigned Interest") in the entire estates created by the oil, gas and mineral leases and other oil and gas interests (the "Leases") and lands covered thereby (the "Lands") described in Exhibit "A" attached hereto, together with all property and rights incident thereto, including all rights and interests in any unit or pooled area in which the Leases and/or Lands are included to the extent that such rights and interests arise from and are associated with the Leases and/or Lands, including all rights derived from any unitization, pooling, operating, communitization or other agreement or from any declaration or order of any Governmental Authority having jurisdiction, together with all direct and indirect interests in and rights with respect to oil, gas, minerals and related properties and assets of any kind or nature, including working, royalty and overriding royalty interests, production payments, operating rights, net profits interests, other non-working interests and non-operating interests covering or with respect to the Leases and Lands whether or not specifically described in Exhibit "A";

(b) The Assigned Interest in the oil and/or gas wells located on the Leases and/or Lands, or other leases and/or lands pooled therewith, including, without limitation, the wells described in Exhibit "B" attached hereto (the "Wells");

(c) The Assigned Interest in all rights, privileges, benefits and powers with respect to the use and occupancy of the surface and subsurface depths in and under the Leases and Lands that are necessary or incidental to possession and enjoyment thereof or any interest therein under the terms of the Leases applicable thereto;

(d) The Assigned Interest in all valid and existing gas purchase and sale contracts, operating agreements, participation agreements, prospect agreements, seismic agreements, and other contracts, and agreements relating to the Leases, Lands and the Wells (collectively, the "Contracts");

(e) The Assigned Interest in all permits, easements, rights-of-way, surface leases, franchises, licenses, approvals, consents, certificates, servitudes, surface use agreements, and other similar interests used or held for use in connection with the ownership or operation of the Leases, Lands and/or Wells or with production or treatment of hydrocarbons produced therefrom, or sale or disposal of water, hydrocarbons or associated substances therefrom or attributable thereto;

(f) The Assigned Interest in all oil, gas, and related hydrocarbons and other minerals produced from and after the Effective Time attributable to the Leases, Lands and Wells;

(g) The Assigned Interest in all wellbores, fixtures, equipment, and other property, both movable and immovable, by attachment or otherwise that are used or held for use in connection with the Leases, Lands and/or Wells, appurtenant thereto, or directly used or obtained in connection with the Leases, Lands and/or Wells or with the production, treatment, sale, or disposal of hydrocarbons or waste produced therefrom or attributable thereto, including, without limitation, all gathering systems, pipelines, processing systems, plants, compressors, meters, injection wells, salt water disposal wells and facilities, well equipment, casing, tanks, buildings, tubing, pipeline pipe (including, without limitation, the approximately eight and a half (8-1/2) miles of pipeline pipe owned by Seller and located in or near Idaho and Utah), pumps, motors, fixtures, machinery, power lines, roads, field processing plants and all other equipment and improvements to the extent used in the operation of the Wells, Leases and/or Lands (collectively, the "Equipment");

(h) All other properties and interests (real, personal, contractual or mixed) including without limitation, to the extent transferable at no cost or expense to Seller, or that Buyer, at its sole option, agrees to pay any transfer cost or expense, geological, geophysical and seismic data, owned by Seller in whole or in part, to the extent they are used or held for use in connection with the Assigned Interest Leases, Lands and/or Wells; and

(i) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the Assigned Interest in the Properties in the possession of, and maintained by, Seller.

The Properties shall be conveyed subject to all restrictions, exceptions, reservations, conditions, limitations, interests and other matters, if any, of record, including the presently existing and valid third-party royalties, overriding royalties and payments out of production, and oil and gas sales, purchase, exchange and processing contracts and agreements, and all other contracts, agreements and other instruments and matters and to all existing and valid easements and rights-of-way, if any.

NOW, THEREFORE, for good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, and the mutual covenants and agreements herein contained, Seller and Buyer agree as follows:

ARTICLE 1
DEFINITIONS

The following terms shall have the following meanings throughout this Agreement:

1.1 "Agreement" has the meaning set forth in the introductory paragraph hereto and includes the recitals and all Exhibits and Schedules attached hereto or referenced herein.

1.2 "Claims" means any and all direct or indirect, demands, claims, notices of violation, notices of probable violation, filings, investigations, administrative proceedings, actions, causes of action, suits, and other legal proceedings, judgments, assessments, damages, deficiencies, taxes, penalties, fines, obligations, responsibilities, liabilities, payments, charges, costs, and expenses (including without limitation costs and expenses of operating the Properties) of any kind or character (whether or not asserted prior to the Closing Date, and whether known or unknown, fixed

or unfixed, conditional or unconditional, based on negligence, strict liability, breach of representation, warranty or agreement, or otherwise, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent, or otherwise), including without limitation penalties and interest on any amount payable as a result of any of the foregoing, any legal or other costs and expenses incurred in connection with investigating or defending any Claim, and all amounts paid in settlement of Claims. Without limiting the generality of the foregoing, the term "Claims" specifically includes, without limitation, any and all Claims arising from, attributable to or incurred in connection with any (i) breach of contract, (ii) loss or damage to property, injury to or death of persons, and other tortious injury, and (iii) violations of applicable laws, rules, regulations, orders or any other legal right or duty actionable at law or equity.

1.3 "Closing Date" means the later of (a) March 30, 2012 and (b) the date upon which all conditions precedent in this Agreement and that certain Purchase and Sale Agreement (the "Paramax PSA"), dated effective January 1, 2012, by and between Buyer, as buyer, and Paramax Energy Inc., as seller, are satisfied or waived.

1.4 "Defensible Title" means, with respect to the Properties, such record title of ownership by Seller that: (a) entitles Seller to receive and retain, without reduction, suspension or termination, not less than the percentage set forth in Exhibit "B" as the Seller's "Net Revenue Interest" of all hydrocarbons produced, saved and marketed from the Properties; (b) obligates Seller to bear not greater than the percentage set forth in Exhibit "B" as Seller's "Working Interest" of the costs and expenses relating to the maintenance, development and operation of the Properties; and (c) is free and clear of all liens, claims and encumbrances, except Permitted Encumbrances.

1.5 "Effective Time" means 12:01 a.m., Mountain Time on January 1, 2012.

1.6 "Environmental Defect" means any condition, occurrence, event or activity on or attributable to, related to or incurred with respect to the ownership, lease, operation or use of any the Properties by Seller to the extent that Buyer reasonably believes the same (a) constitutes a violation of applicable Environmental Laws or (b) requires corrective or remediation action pursuant to applicable Environmental Laws.

1.7 "Environmental Laws" means all laws, statutes, ordinances, court decisions, rules and regulations of any Governmental Authority pertaining to pollution, health, wildlife, natural resources or the environment as may be interpreted by applicable court decisions or administrative orders, including, without limitation, the Clean Air Act, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act, as amended, the Resources Conservation and Recovery Act, as amended, the Safe Drinking Water Act, as amended, the Clean Water Act, as amended, the Toxic Substances Control Act, as amended, the Superfund Amendment and Reauthorization Act of 1986, as amended, the Hazardous Materials Transportation Act, as amended, and comparable state and local laws.

1.8 "Excluded Assets" means the following:

(a) An undivided fourteen percent (14%) of eight-eighths (8/8ths) (the "Excluded Interest") in the Leases and Lands, together with all property and rights incident thereto, including all rights and interests in any unit or pooled area in which the Leases and/or Lands are included to the extent that such rights and interests arise from and are associated with the Leases and/or Lands, including all rights derived from any unitization, pooling, operating, communitization or other agreement or

from any declaration or order of any Governmental Authority having jurisdiction, together with all direct and indirect interests in and rights with respect to oil, gas, minerals and related properties and assets of any kind or nature, including working, royalty and overriding royalty interests, production payments, operating rights, net profits interests, other non-working interests and non-operating interests covering or with respect to the Leases and Lands whether or not specifically described in Exhibit "A";

(b) The Excluded Interest in the Wells;

(c) The Excluded Interest in all rights, privileges, benefits and powers with respect to the use and occupancy of the surface and subsurface depths in and under the Leases and Lands that are necessary or incidental to possession and enjoyment thereof or any interest therein under the terms of the Leases applicable thereto;

(d) The Excluded Interest in the Contracts.

(e) The Excluded Interest in all permits, easements, rights-of-way, surface leases, franchises, licenses, approvals, consents, certificates, servitudes, surface use agreements, and other similar interests used or held for use in connection with the ownership or operation of the Leases, Lands and/or Wells or with production or treatment of hydrocarbons produced therefrom, or sale or disposal of water, hydrocarbons or associated substances therefrom or attributable thereto;

(f) The Excluded Interest in all oil, gas, and related hydrocarbons and other minerals produced from and after the Effective Time attributable to the Leases, Lands and Wells;

(g) The Excluded Interest in the Equipment;

(h) All other properties and interests (real, personal, contractual or mixed) including without limitation, to the extent transferable at no cost or expense to Seller, or that Buyer, at its sole option, agrees to pay any transfer cost or expense, geological, geophysical and seismic data, owned by Seller in whole or in part, to the extent they are used or held for use in connection with the Excluded Interest in the Leases, Lands and/or Wells; and

(i) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the Excluded Interest in the Properties in the possession of, and maintained by, Seller.

1.9 "Governmental Authority" means any national, state, local, native or tribal government or any subdivision, agency, court, commission, department, board, bureau, regulatory authority or other division or instrumentality thereof.

1.10 "Liens" means encumbrances, liens, claims, easement rights, agreements, instruments, obligations or burdens.

1.11 "Net Revenue Interest" means that share of hydrocarbons produced from or allocated to a particular Lease, unit or Well (or the share of revenues received from the sale of hydrocarbons from or allocated to a particular Lease, unit or Well) that a party is entitled to receive by virtue of

its ownership of such Lease, unit or Well after deducting any hydrocarbons or proceeds or revenues allocable to any royalty interest, overriding royalty interest, production payment, net profits interest or other similar interest, other than taxes, that constitutes a burden on such interest or is measured by or payable out of the production of hydrocarbons or the proceeds realized from the sale or other disposition thereof.

1.12 "Permitted Encumbrances" means (a) liens for taxes not yet delinquent or which are being contested in good faith by appropriate proceedings or which Seller agrees to pay, (b) lessors' royalties, overriding royalties, division orders, reversionary interests and similar burdens that do not operate to reduce the Net Revenue Interest of Seller or increase the Working Interest in any of the Properties, (c) the consents and rights and obligations contained in the Contracts or the Leases, (d) production sale contracts, unitization and pooling declarations and agreements, and any operating agreements insofar as such contracts and agreements do not operate to increase the Working Interest or decrease the Net Revenue Interest of Seller for any of the Properties, (e) normal and customary liens of co-owners under operating agreements, unitization agreements, and pooling orders relating to the Properties, which obligations are not yet due and pursuant to which Seller is not in default, (f) mechanic's, materialmen's, operator's, and processor's liens relating to the Properties, which obligations are not yet due and pursuant to which Seller is not in default, (g) minor defects and irregularities in title or other restrictions that are of the nature customarily accepted by prudent purchasers of oil and gas properties and do not materially affect the value of any property encumbered thereby or materially impair the ability of the obligor to use any such property in its operations, (h) all approvals required to be obtained in connection with the transactions contemplated herein from Governmental Authorities which are customarily obtained post-Closing, (i) preferential rights to purchase and consent to transfer requirements of any person for which the holder(s) thereof have waived their rights with respect to the transfer of the Properties under this Agreement or the period has expired in which the holder may exercise such rights, (j) easements, rights of way, servitudes and other similar rights in land (including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, towers, wires and cables) that do not materially interfere with or have an adverse effect on the ownership, use, value or operation of the Properties, (k) applicable laws and regulations, and (l) all other encumbrances, liens, adverse claims, and other claims or interests of third parties expressly set forth on Exhibit "A".

1.13 "Retained Interests" means all obligations and payments retained by Seller for occurrences, events, accidents, failures to pay or any other event resulting in a liability in connection with (a) the Properties that are incurred by Seller or arise prior to the Effective Time, without regard to whether the Parties had knowledge or notice of such occurrences, events, accidents or failures on the Closing Date and (b) the Excluded Assets (subject to Section 2.8), without regard to whether the Parties had knowledge or notice of such occurrences, events, accidents or failures on the Closing Date.

1.14 "Title Defect" shall mean any particular defect in or failure of Seller's ownership of any Property or Properties: (i) that causes Seller to not have Defensible Title to such Property or Properties and (ii) that has attributable thereto a reduction in value of such Property (or, if more than one Property is affected by such Title Defect, an aggregate reduction in value of such Properties). Notwithstanding any other provision in this Agreement to the contrary, defects or irregularities that have been cured or remedied by the passage of time, including, without limitation, applicable statutes of limitation or statutes for prescription, shall not constitute, and shall not be asserted as, Title Defects.

1.15 "Vendor Creditors" means the vendor creditors of Seller, including, but not limited to, Seller's vendors, suppliers, mechanics and materialmen.

1.16 "Working Interest" means that share of all costs and expenses associated with the exploration, development or operation of a Lease, unit or Well or related production facilities or equipment that the owner thereof is required to bear and pay.

ARTICLE 2
TRANSFER OF THE PROPERTIES

2.1 Sale and Purchase. Upon the terms and conditions hereinafter set forth, Seller agrees to sell, assign and convey to Buyer the Properties effective as of the Effective Time, and Buyer agrees to buy, assume and accept such interest in the Properties from Seller on the Closing Date, effective as of the Effective Time.

2.2 Purchase Price. Subject to Section 2.8, the aggregate purchase price, to be paid at Closing by Buyer subject to and in accordance with the terms and conditions of this Agreement, for the Properties shall be One Million Five Hundred Thousand Dollars ($1,500,000.00) (the "Purchase Price"). Promptly after the execution of this Agreement by Buyer and Seller (but in no event later than two (2) Business Days after the day of execution of this Agreement by Buyer and Seller), Buyer shall deliver to Ballard Spahr LLP, as escrow agent, ("Escrow Agent"), One Hundred Fifty Thousand U.S. Dollars ($150,000.00 (USD)) of the Purchase Price as an earnest money deposit (the "Earnest Money"), pursuant to the Escrow Agreement dated as of the date the Earnest Money is deposited with Escrow Agent (the "Escrow Agreement") by and among Buyer, Seller and Escrow Agent. Seller represents that the Earnest Money and the Additional Vendor Creditor Money (defined below) together are sufficient to pay its share of all outstanding accounts payable of the Vendor Creditors attributable to the Properties, all of which are set forth on Schedule 4.12 attached hereto (the "Scheduled A/P"). The Earnest Money will be held in trust (in accordance with the terms of this Agreement and the Escrow Agreement) by Escrow Agent and released for payment of Seller's share of the Scheduled A/P at Closing upon receipt by Escrow Agent of joint written instructions by Seller and Buyer. Any Earnest Money that remains after payment of Seller's share of the Scheduled A/P shall be delivered to Seller (or to Seller's lenders with Liens on the Properties). If this Agreement is terminated prior to Closing in accordance with Article 10, then the Earnest Money shall be released by the Escrow Agent in accordance with the terms set out in Article 10.

The Purchase Price shall be adjusted as follows:

(A) The Purchase Price shall be increased by: (1) the value (which shall be based on posted field prices prevailing at the Effective Time and credited to the Properties) of Seller's Net Revenue Interest of all oil and condensate in storage at the Effective Time, less applicable taxes and other charges deducted by the purchasers thereof; (2) all costs, expenses, and charges paid by Seller for drilling, reworking, side-tracking, deepening, or plugging back any well or wells on the Lands (or on land pooled or unitized therewith or with any part thereof) between the Effective Time and the Closing Date; (3) all expenditures paid by or on behalf of Seller in connection with the operation of the Properties from the Effective Time to the Closing Date; (4) all prepaid expenses attributable to the Properties attributable to expenses to accrue after the Closing Date and paid by Seller, including, without limitation, all insurance premiums (provided that such

insurance will continue after Closing), Lease extension payments, surface use payments and yard rental payments; and (5) any other amount agreed upon by Buyer and Seller; and

(B) The Purchase Price shall be reduced by: (1) all proceeds received or receivable by Seller from sales of production attributable to the Properties from the Effective Time to the Closing Date; (2) in the event any preferential purchase rights affecting any Properties are exercised prior to the Final Settlement Date (as defined below) or in the event that required consents are not obtained, the value of the applicable Properties as set forth in Exhibit "B"; (3) the value of Seller's net gas overproduction as of the Effective Time if any, calculated in the manner set forth in the applicable Operating Agreement; (4) all unpaid ad valorem, property, production, severance, excise and similar taxes, royalties and assessments accruing to the Properties prior to the Effective Time; and (5) any other amount agreed upon by Buyer and Seller.

The Purchase Price shall be adjusted as provided in this Section 2.2, Section 2.4 below, Section 8.4 below and Section 8.5 below (the Purchase Price, as adjusted pursuant to this Section 2.2, Section 8.4 below and Section 8.5 below, is referred to herein as the "Adjusted Purchase Price"). Seller shall prepare and deliver to Buyer not later than three (3) business days prior to the Closing an interim statement (the "Interim Statement of Adjustments") setting forth Seller's good faith and reasonable estimate of the Adjusted Purchase Price. The Interim Statement of Adjustments shall include reasonable detail of the calculation of the Adjusted Purchase Price. Seller shall furnish supporting worksheets with the Interim Statement of Adjustments and make available to Buyer all information reasonably necessary for Buyer to understand and confirm the calculations in such statement.

2.3 Accounting for Expenses and Proceeds of Production and Sales, *etc.*

(A) Seller shall own and receive all of the proceeds attributable to the Net Revenue Interest in the Properties accrued prior to the Effective Time. Upon Closing, all of the proceeds attributable to the Net Revenue Interest for the sale of oil, gas and other hydrocarbons from or attributable to the Properties accruing on and after the Effective Time shall belong to Buyer.

(B) Seller shall be responsible for all obligations and pay all expenses related to Seller's interest in the Properties which accrued prior to the Effective Time, without regard to whether the Buyer or Seller had knowledge or notice of such obligations or expenses on the Closing Date, for operations of the Properties and production associated therewith, including without limitation, drilling, completing, and lease operating expenses. Upon Closing, all such obligations and expenses related to the Properties incurred on and after the Effective Time shall be Buyer's obligations and expenses.

2.4 Post-Closing Adjustments. Within sixty (60) days after the Closing Date, Buyer shall prepare and deliver to Seller, in accordance with generally accepted accounting principles, a statement setting forth each Purchase Price adjustment or payment that was not finally determined as of the Closing Date (each, a "Post-Closing Adjustment") and showing the calculation of such Post-Closing Adjustment and the resulting adjusted purchase price (the "Settlement Statement"). As soon as practicable after receipt of the Settlement Statement, Seller shall deliver to Buyer a written report containing any changes that Seller proposes to be made to the Settlement Statement. The Parties shall undertake to agree with respect to the amount of all such Post-Closing Adjustments no later than ninety (90) days after the Closing Date. Upon applying such Post-Closing Adjustments, if any, to the Adjusted Purchase Price in accordance with this Section 2.4,

the Adjusted Purchase Price, as adjusted, shall be called the "Final Purchase Price." The date upon which the Parties agree to the Final Purchase Price shall be herein called the "Final Settlement Date". In the event that: (a) the Final Purchase Price is greater than the Adjusted Purchase Price, Buyer shall pay to Seller the amount of such difference; or (b) the Final Purchase Price is less than the Adjusted Purchase Price, Seller shall pay to Buyer the amount of such difference.

If Buyer and Seller cannot agree upon the Adjusted Purchase Price or Post-Closing Adjustments, the Parties agree that the dispute shall be submitted to a mutually agreed third-party oil and gas accountant, who shall decide all points of disagreement with respect to the Adjusted Purchase Price or Post-Closing Adjustments (if the Parties are unable to mutually agree to a third-party oil and gas accountant, each Party will select a third-party oil and gas accountant and those two accountants shall select a mutually agreed third-party oil and gas accountant who will decide all points of disagreement with respect to the Adjusted Purchase Price or Post-Closing Adjustments). The decision of the said third party accountant on all such points shall be binding upon the Parties. The cost and expenses of the said third party accountant shall be borne equally by the Parties.

2.5 Operational Proposals, Cash Calls and AFEs. Prior to the Closing Date, in the event Seller receives any well proposal, completion proposal or other operational proposal, cash call or AFE (each, a "Proposal" and more than one such Proposal being "Proposals") pursuant to the Contracts, Seller shall not execute any such Proposal without the prior written consent of Buyer, except for emergency action taken in the face of serious risk of life, property, or the environment. Within twenty-four (24) hours of Seller's receipt of such Proposals, Seller shall provide Buyer with written notice of such Proposals, all supporting documentation, and the time frame within which an election is required. Within the time frame set out in the Proposal, Buyer shall provide Seller with its election response and Seller shall respond to the party issuing the Proposal accordingly. All costs associated with such Proposal(s) from the date of this Agreement until the Effective Time shall be borne by Seller, and all costs associated with such Proposal(s) from Effective Time until the Closing Date shall be borne by Buyer, which costs shall be calculated into the Adjusted Purchase Price and Post-Closing Adjustments, as applicable.

2.6 Transition as Operator. Seller shall use commercially reasonably efforts to support Buyer's succession of Seller as operator as to any of the Properties currently operated by Seller, subject to the provisions of any applicable joint operating agreement.

2.7 NPI. At Closing, Buyer shall execute and deliver to RBS (defined below) the NPI (defined below).

2.8 KBC Option. In the event that KBC Bank N.V. or its nominee ("KBC") notifies Buyer in writing prior to March 23, 2012, that it has chosen not to purchase the Excluded Assets from Seller (a "KBC Election"), then (a) the Excluded Assets shall become Properties for all purposes of this Agreement as if such Excluded Assets were included in the definition of "Properties" on the date this Agreement was entered into, (b) the description of "Properties" in the Assignment and Bill of Sale shall be revised to include the Excluded Assets, (c) the Purchase Price shall be increased to Two Million Nine Hundred Thousand Dollars ($2,900,000.00), (d) Sections 6.4 and 6.5 shall no longer be conditions to the obligations of Buyer under this Agreement

ARTICLE 3
ASSUMPTION AND PARTICIPATION BY BUYER

3.1 Assumption and Participation. From and after the Closing Date, Buyer shall, and does hereby expressly agree to incur, assume and pay, in its proportionate share, all of the costs, obligations and liabilities (a) attributable to the Working Interests in the Properties assigned by Seller, (b) under the Contracts or any other agreements to be assigned in accordance with this Agreement and (c) that relate to the Properties; provided that all such costs, obligations and liabilities arise from or relate to events occurring after the Effective Time.

3.2 Acceptance. Buyer shall be subject to its proportionate share, in and to each of the Leases and/or Wells, of any and all lease and overriding royalty burdens affecting the Properties of record in the real property records of the county or counties in which the Lands are located.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

4.1 Organization. Seller is a corporation organized under the laws of the State of Colorado and is qualified to do business in and is in good standing under the laws of the State of Colorado and State of Idaho.

4.2 Authority and Conflicts. Other than Seller's parent, Bridge Resources Corp. ("Bridge Resources"), obtaining the required consents and approvals from the TSX Venture Exchange ("TSXV"), its senior lenders and Bridge Resources' shareholders to complete the transaction contemplated by this Agreement, Seller has all requisite company power and authority to carry on its business as presently conducted, to enter into this Agreement and to perform its obligations hereunder. The consummation of the transactions contemplated by this Agreement will not violate or be in conflict with any provisions of Seller's corporate agreements, as applicable. The consummation of the transactions contemplated by this Agreement will not violate or be in conflict with any provision of any governing documents or any material agreement or instrument to which Seller is a party or by which Seller is bound, or any judgment, decree, order, statute, rule or regulation applicable to Seller.

4.3 Authorization. Other than Bridge Resources obtaining the required consents and approvals from TSXV, its senior lenders and Bridge Resources' shareholders to complete the transaction contemplated by this Agreement, the execution, delivery and performance of this Agreement and the transactions contemplated hereunder have been duly and validly authorized by all requisite company action or other action, as applicable, on the part of Seller.

4.4 Enforceability. This Agreement constitutes, and all documents and instruments required hereunder to be executed and delivered by Seller at Closing will when duly executed and delivered for value constitute, valid, legal and binding obligations of Seller enforceable against Seller, in accordance with their respective terms, subject to applicable bankruptcy and other similar laws of general application with respect to creditors as well as the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

4.5 Litigation and Claims. To Seller's knowledge, there is no suit, action, claim, investigation or inquiry by any person or entity or by any Governmental Authority, and no legal, administrative or arbitration proceeding pending or threatened against Seller or any affiliate of Seller or the Properties that has materially affected or will materially affect Seller's ability to consummate the transactions contemplated herein or materially affect the title to or value of the Properties.

4.6 Brokers' Fees. Seller has incurred no liability, contingent of otherwise, or brokers' for finders' fees with respect to the transactions contemplated by this Agreement for which Buyer shall have any responsibility whatsoever.

4.7 Environmental. To Seller's knowledge, there does not exist any condition on the Properties that is not in compliance with applicable Environmental Laws, as in effect on the date hereof, other than such non-compliance which, individually or in the aggregate, would not have a material adverse effect on the value or operation of the Properties, in the manner the Properties were operated as of the date hereof.

4.8 Information. Seller has disclosed to Buyer all material records, agreements and instruments pertaining to the ownership and/or operation of the Properties that Seller has knowledge of, and, to Seller's knowledge, no such other material records, agreement or instruments pertaining to the ownership and/or operation of the Properties exist.

4.9 Preferential Rights and Consent to Assign. There are no third-party preferential rights to purchase and/or consents to assign affecting Seller's interests in the Properties.

4.10 Title. Subject to Permitted Encumbrances, there are no claims arising by, through or under Seller which would cause Seller to have less than Defensible Title to the Properties; the Properties are free and clear of all Liens arising by, through or under Seller, except for Permitted Encumbrances and such Liens that will be released at Closing; and Seller shall convey the Properties to Buyer with a special warranty, by through and under Seller but not otherwise.

4.11 Operational Proposals, Cash Calls, and AFEs. Seller has elected to participate in all outstanding operational proposals and paid all cash calls and AFEs issued under the terms and conditions of the Contracts, and Seller is not a non-consenting party under any such Contracts. Other than as set forth in Exhibit "G", to Seller's knowledge, Seller is not in default in any material respect under any Contract.

4.12 Expenses and Joint Interest Billing. Seller is current with payments under or relating to any lease operating expenses, capital expenses, joint interest billing issued under the Contracts, and other costs and expenses attributable to the ownership and operation of the Properties (except for Seller's share of the Scheduled A/P owed to the Vendor Creditors set forth on Schedule 4.12 attached hereto).

4.13 Bankruptcy. There are no bankruptcy, reorganization or arrangement proceedings pending, being contemplated by or to the knowledge of Seller threatened against Seller.

4.14 Taxes. All ad valorem, property, production, severance, excise and similar taxes, royalties and assessments based on or measured by the ownership of the Properties or the production of oil, gas or other hydrocarbons or the receipt of proceeds therefrom that have become due and payable have been paid.

4.15 Leases and Contracts. Other than as set forth in Exhibit "G", to Seller's knowledge: (i) all Leases and Contracts are in full force and effect; and (ii) Seller is not in default with respect to any of its material obligations under any Lease or Contract.

4.16 No Violation of Laws. Seller has not materially violated any applicable laws with respect to the ownership and operation of the Properties, except where such violations would not have a material adverse effect on the Properties, taken as a whole.

4.17 No Prepayments. There have been no advanced, "take or pay" or other prepayments with respect to the Properties that would obligate Seller or Buyer to deliver Hydrocarbon production from the Properties after the Effective Time without receiving full payment therefor.

4.18 Areas of Mutual Interest. As of the Closing Date, Seller's interest in the Properties is not subject to any area of mutual interest.

Disclaimers. THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN THIS ARTICLE 4 ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND SELLER EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, WITHOUT LIMITATION OF THE FOREGOING. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS ARTICLE 4, THE PROPERTIES SHALL BE CONVEYED TO BUYER WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, RELATING TO TITLE TO THE PROPERTIES OR RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, AND, EXCEPT AS PROVIDED OTHERWISE IN THE FIRST SENTENCE OF THIS PARAGRAPH, WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. BUYER SHALL HAVE INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT THE PROPERTIES FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS AND OTHER MAN-MADE FIBERS, OR NATURALLY OCCURRING RADIOACTIVE MATERIALS ("NORM"). EXCEPT FOR THE REPRESENTATIONS CONTAINED HEREIN IN ARTICLE 4, BUYER IS RELYING SOLELY UPON ITS OWN INSPECTION OF THE PROPERTIES. BUYER SHALL ACCEPT ALL OF THE SAME IN THEIR "AS IS", "WHERE IS" CONDITION. ALSO WITHOUT LIMITATION OF THE FOREGOING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, REPORTS, RECORDS, PROJECTIONS, INFORMATION OR MATERIALS NOW, HERETOFORE OR HEREAFTER FURNISHED OR MADE AVAILABLE TO BUYER IN CONNECTION WITH THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, RELATIVE TO PRICING ASSUMPTIONS, QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE PROPERTIES OR THE ABILITY OR POTENTIAL OF THE PROPERTIES TO PRODUCE HYDROCARBONS OR THE ENVIRONMENTAL CONDITION OF THE PROPERTIES OR ANY OTHER MATTERS CONTAINED IN ANY MATERIALS FURNISHED OR MADE AVAILABLE TO BUYER BY SELLER OR BY SELLER'S AGENTS OR REPRESENTATIVES. ANY AND ALL SUCH DATA, RECORDS, REPORTS, PROJECTIONS, INFORMATION AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY SELLER OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO BUYER ARE PROVIDED BUYER A CONVENIENCE AND EXCEPT AS TO SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN, SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST SELLER AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT BUYER'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents to Seller as follows:

5.1 Organization. Buyer is a Texas limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas, and is, or upon the Closing Date will be, qualified to do business in the State of Idaho.

5.2 Authority and Conflicts. Buyer has all requisite company powers and authority to carry on its business as presently conducted, to enter into this Agreement, to purchase the Properties on the terms and conditions described in this Agreement, and to perform its other obligations under this Agreement. The consummation of the transactions contemplated by this Agreement will not violate nor be in conflict with any provision of Buyer's company agreement and any other governing documents or any material agreement or instrument to which Buyer is a party or by which Buyer is bound, or any judgment, decree, order, statute, rule or regulation applicable to Buyer.

5.3 Authorization. The execution, delivery and performance of this Agreement and the transactions contemplated hereunder have been duly and validly authorized by all requisite company action on the part of Buyer.

5.4 Enforceability. This Agreement and all documents and instruments required or contemplated hereunder to be executed and delivered by Buyer at Closing will, when duly executed and delivered for value, constitute valid, legal and binding obligations of Buyer, enforceable against Buyer, in accordance with their respective terms, subject only to applicable bankruptcy and other similar laws of general application with respect to creditors.

5.5 Litigation and Claims. Buyer has no knowledge of any suit, action, claim, investigation or inquiry by any person or entity or by any Governmental Authority and no legal, administrative or arbitration proceeding pending or, to Buyer's knowledge, threatened against Buyer or any affiliate of Buyer which has or will materially and adversely affect Buyer's ability to consummate the transactions contemplated herein.

5.6 Brokers' Fees. Buyer has incurred no liability contingent or otherwise, for brokers' or finders' fees with respect to the transactions contemplated by this Agreement for which Seller shall have any responsibility whatsoever.

ARTICLE 6
CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER

The obligations of Buyer to complete the transaction contemplated by this Agreement are subject to the fulfillment or waiver, on or before the Closing Date, of each of the following conditions:

6.1 Paramax Acquisition. Concurrent with the Closing of this Agreement, Buyer closes on the Paramax PSA, pursuant to the terms of such agreement.

6.2 RBS Acquisition. Concurrent with the Closing of this Agreement, The Royal Bank of Scotland Plc or its nominee ("RBS") and Seller close on that certain General Release and Discharge, pursuant to the terms of such agreement.

6.3 Exploration Agreement. Concurrent with the Closing of this Agreement, Buyer, Seller and KBC close on an Exploration Agreement, pursuant to terms mutually agreed to by Buyer, Seller and KBC and substantially in the form set out in Exhibit "I", which shall be attached to this Agreement prior to the Closing.

6.4 KBC Acquisition. Subject to Section 2.8, concurrent with the Closing of this Agreement, KBC and Seller close on that certain Purchase and Sale Agreement, pursuant to the terms of such agreement.

6.5 Participation Agreement. Subject to Section 2.8, concurrent with the Closing of this Agreement, KBC and Buyer close on a Participation Agreement, pursuant to terms mutually agreed to by Buyer and KBC and substantially in the form set out in Exhibit "H", which shall be attached to this Agreement prior to the Closing.

6.6 Release of Liens and Encumbrances. Seller shall have obtained Lien releases for any and all Liens affecting Seller's interest in the Properties and releases from any and all vendors, including those Liens described on Schedule 6.6.

6.7 NPI Conveyance. Concurrent with the Closing of this Agreement, Buyer and RBS enter into a net profits interest agreement, pursuant to terms mutually agreed to by Buyer and RBS and substantially in the form set out in Exhibit "F", which shall be attached to this Agreement prior to the Closing (the "NPI").

6.8 Conig Transaction. Concurrent with the Closing of this Agreement, Seller and Conig 818 LLC ("Conig") consummate that certain agreement whereby Seller receives from Conig a general release and discharge of all of Seller's obligations under a CDN $20,000,000 amended and restated unsecured subordinated convertible promissory note dated August 20, 2008 (including accrued interest thereon).

6.9 Scheduled A/P. The Earnest Money and Additional Vendor Creditor Money has or will be applied to Seller's share of the Scheduled A/P at Closing.

6.10 Representations and Warranties. The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the Closing Date except for changes therein specifically contemplated by this Agreement.

6.11 Compliance. Seller shall have performed and complied in all material respects with all covenants and conditions required by this Agreement of which performance or compliance is required prior to or on the Closing Date.

6.12 No Pending Suits. On the Closing Date, no suit, action or other proceeding shall be pending or threatened before any Governmental Authority in which it is sought to restrain or prohibit the performance of or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby.

6.13 Approvals. Bridge Resources shall have obtained approval to proceed with the transaction contemplated by this Agreement from TSXV, its senior lenders and its shareholders.

6.14 Dissent Rights. No greater than the Holders of 5% of the outstanding common shares of Bridge Resources shall have validly exercised rights of dissent in respect of the transactions contemplated by this Agreement that have not been withdrawn as of the Closing Date.

ARTICLE 7
CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER

The obligations of Seller to complete the transaction contemplated by this Agreement are subject to the fulfillment or waiver, on or before the Closing Date, of each of the following conditions:

7.1 Purchase Price. Buyer shall have paid Seven Hundred Fifty Thousand U.S. Dollars ($750,000.00 (USD)) of the Adjusted Purchase Price to Escrow Agent for distribution to the Vendor Creditors owed Seller's share of the Scheduled A/P (the "Additional Vendor Creditor Money") and the balance of the Adjusted Purchase Price (including application of the Earnest Money) to Seller (or to the Seller's lenders with Liens on the Properties) on or before the Closing Date; provided, however, that in the event of a KBC Election, One Million Four Hundred Thousand U.S. Dollars ($1,400,000.00) of the Adjusted Purchase Price shall be paid to KBC prior to such balance being paid to Seller.

7.2 Representations and Warranties. The representations and warranties by Buyer set forth in this Agreement shall be true and correct in all material respects on the date of this Agreement and as of the Closing Date except for changes therein specifically contemplated by this Agreement.

7.3 Compliance. Buyer shall have performed and complied in all material respects with all covenants and conditions required by this Agreement of which performance or compliance is required prior to or on the Closing Date.

7.4 No Pending Suits. At the Closing Date, no suit, action or other proceeding shall be pending or threatened before any Governmental Authority in which it is sought to restrain or prohibit the performance of or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby.

7.5 Approvals. Bridge Resources shall have obtained approval to proceed with the transaction contemplated by this Agreement from TSXV, its senior lenders and its shareholders.

7.6 Dissent Rights. No greater than the Holders of 5% of the outstanding common shares of Bridge Resources shall have validly exercised rights of dissent in respect of the transactions contemplated by this Agreement that have not been withdrawn as of the Closing Date.

ARTICLE 8
DUE DILIGENCE REVIEW BY BUYER

8.1 Due Diligence. Seller shall give Buyer, or Buyer's authorized representatives, at Seller's offices and at all reasonable times before the Closing Date, access to Seller's records pertaining to the ownership and/or operation of the Properties (including, without limitation, title files, division order files, and production, severance and ad valorem tax records), for the purpose of conducting due diligence reviews contemplated by this Article 8. Buyer may conduct, at its sole cost, such title or environmental examination or investigation, and other examinations and investigations, as it may in its sole discretion choose to conduct with respect to the Properties.

8.2 Defect Notice. Buyer shall notify Seller in writing (each a "Defect Notice") of any claimed Title Defect or Environmental Defect within a reasonable time upon Buyer's discovery thereof and in no event later than 5:00 p.m., Mountain Time, March 9, 2012 (the "Notice Deadline"). The

Defect Notice shall set forth in reasonable detail (i) the Properties with respect to which a claimed defect is made, (ii) the nature of such claimed defect and (iii) Buyer's good faith calculation of the value of such defect. If Seller does not agree with any claimed defect or the proposed defect value, then the Parties shall enter into good faith negotiations and shall attempt to agree on such matters.

8.3 Seller's Right to Cure. Seller shall have the right, but not the obligation, at its sole cost, to cure or remove, to the reasonable satisfaction of Buyer, at any time on or before 5:00 p.m. Mountain Time three (3) days before Closing, any Title Defects or Environmental Defects of which it has been advised by Buyer prior to the Notice Deadline.

8.4 Title Defect Adjustments. Subject to Section 8.6, for any Property affected by a Title Defect, the Purchase Price will be reduced by the Title Defect value attributable to such Title Defect, unless with respect to such Title Defect: (i) Buyer agrees to waive the Title Defect, (ii) Buyer requires that the affected Property be removed from this Agreement and the Purchase Price be reduced by the value of such affected Property, (iii) Seller cures or removes the Title Defect pursuant to Section 8.3, or (iv) with Buyer's consent, which Buyer may withhold in its sole discretion, Seller agrees to cure such Title Defect after Closing. If Seller elects to cure a Title Defect after Closing, (x) the affected Property shall be held back at Closing, (y) the Purchase Price shall be reduced by the value of such affected Property, and (z) Seller shall have thirty (30) days after Closing to cure such Title Defect. If Seller cures the relevant Title Defect to Buyer's reasonable satisfaction within the thirty (30)-day period the affected Property will be assigned to Buyer and the Purchase Price attributable to such Property shall be paid to Seller. If Seller does not cure the relevant Title Defect to Buyer's reasonable satisfaction, the affected Property will not be assigned to Buyer.

8.5 Environmental Defect Adjustments. Subject to Section 8.6, for any Property affected by an Environmental Defect, the Purchase Price will be reduced by the Environmental Defect value attributable to such Environmental Defect, unless with respect to such Environmental Defect: (i) Buyer agrees to waive the Environmental Defect, (ii) Buyer requires that the affected Property be removed from this Agreement and the Purchase Price be reduced by the value of such affected Property, (iii) Seller cures or removes the Environmental Defect pursuant to Section 8.3, or (iv) with Buyer's consent, which Buyer may withhold in its sole discretion, Seller agrees to cure such Environmental Defect after Closing. If Seller elects to cure an Environmental Defect after Closing, (x) the affected Property shall be held back at Closing, (y) the Purchase Price shall be reduced by the value of such affected Property, and (z) Seller shall have thirty (30) days after Closing to cure such Environmental Defect. If Seller cures the relevant Environmental Defect to Buyer's reasonable satisfaction within the thirty (30)-day period the affected Property will be assigned to Buyer and the Purchase Price attributable to such Property shall be paid to Seller. If Seller does not cure the relevant Environmental Defect to Buyer's reasonable satisfaction, the affected Property will not be assigned to Buyer.

8.6 Threshold. Notwithstanding anything to the contrary in this Article 8, with respect to any claimed Title Defect and/or Environmental Defect under this Agreement, no adjustment to the Purchase Price or removal of Properties from this Agreement shall be required unless the aggregate value of all such Title Defects and Environmental Defects (which are not cured by Seller) exceeds One Hundred Fifty Thousand Dollars ($150,000.00).

8.7 Due Diligence Indemnity. BUYER HEREBY INDEMNIFIES AND SHALL DEFEND AND HOLD HARMLESS SELLER AND ITS RESPECTIVE EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS, SUCCESSORS, AND ASSIGNS) FROM AND AGAINST ANY AND ALL CLAIMS ARISING FROM OR RELATING TO BUYER'S

PHYSICAL INSPECTION OF THE PROPERTIES. THE FOREGOING INDEMNITY INCLUDES, AND THE PARTIES INTEND IT TO INCLUDE, AN INDEMNIFICATION OF THE INDEMNIFIED PARTIES FROM AND AGAINST CLAIMS ARISING OUT OF OR RESULTING, IN WHOLE OR PART, FROM THE CONDITION OF THE PROPERTIES OR THE SOLE, JOINT, COMPARATIVE, OR CONCURRENT NEGLIGENCE OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES.

8.8 Casualty Loss. If, prior to the Closing Date, any portion of the Properties is damaged or destroyed, or otherwise experiences mechanical failure, gradual structural deterioration of materials, equipment and infrastructure, or downhole failure (a "Casualty Loss"), except as the result of normal wear and tear, the Purchase Price shall not be adjusted due to the occurrence of the Casualty Loss; rather, Seller shall remit to Buyer any and all insurance proceeds and other payments received by Seller attributable to such Casualty Loss.

ARTICLE 9
THE CLOSING AND FINAL SETTLEMENT DATE

9.1 Closing. The closing (the "Closing") of the transaction contemplated by this Agreement shall be on or before the Closing Date, at 10:00 a.m. in the offices of Buyer, or such other date, time and/or place as the Parties mutually agree.

9.2 Deliveries by Seller at Closing. At Closing, Seller shall execute and deliver to Buyer:

(A) An Assignment and Bill of Sale assigning the Properties to Buyer, substantially in the form of the assignment attached hereto as Exhibit "C" (the "Assignment and Bill of Sale") in sufficient counterparts to facilitate recording;

(B) Letters-in-Lieu of Division Orders or Transfer Orders or such other documents necessary to provide notice to each purchaser of production from the Properties of the change in ownership of the Properties and instructing each such purchaser to make all future payments directly to Buyer or Buyer's designee, in each case, as applicable;

(C) A certificate pursuant to Internal Revenue Code Section 1445, in the form of Exhibit "D", certifying that such Seller is not a foreign person;

(D) With respect to any Wells as to which Seller is designated as the operator (i) letters resigning as operator of such Wells and (ii) any forms promulgated by the appropriate Governmental Authority that Seller is required to execute in order to validly designate and appoint Buyer as the operator, if required by a Governmental Authority;

(E) A Release of Lien for any and all Liens affecting Seller's interests in the Properties and release by any and all vendors;

(F) A receipt for payment of the amounts payable pursuant to Section 2.2;

(G) Such other documents or instruments as agreed to by Buyer and Seller; and

(H) Deliver to Escrow Agent (i) the Additional Vendor Creditor Money and (ii) a written instruction that instructs Escrow Agent to deliver the Earnest Money and the

Additional Vendor Creditor Money to the Vendor Creditors owed Seller's share of the Scheduled A/P.

9.3 Deliveries by Buyer at Closing. At Closing, Buyer shall:

(A) Deliver an executed Assignment and Bill of Sale in sufficient counterparts to facilitate recording;

(B) Deliver to Seller (or to the Seller's lenders with Liens on the Properties) the Adjusted Purchase Price (less the Earnest Money) by wire transfer in immediately available funds to an account or accounts designated by Seller;

(C) Deliver to Escrow Agent a written instruction that instructs Escrow Agent to deliver the Earnest Money and the Additional Vendor Creditor Money to the vendors owed Seller's share of the Scheduled A/P;

(D) Execute and/or deliver such other documents or instruments as agreed to by Buyer and Seller; and

(E) The NPI executed by Buyer, where applicable.

9.4 Deliveries by Seller on the Final Settlement Date. On the Final Settlement Date, if the Final Purchase Price is less than the Adjusted Purchase Price, pursuant to Section 2.4 Seller shall pay the amount of such difference to Buyer by wire transfer of immediately available funds.

9.5 Deliveries by Buyer on the Final Settlement Date. On the Final Settlement Date, if the Final Purchase Price is greater than the Adjusted Purchase Price, pursuant to Section 2.4, Buyer shall pay the amount of such difference to Seller, by wire transfer of immediately available funds.

9.6 Allocation of Purchase Price. Seller and Buyer have allocated the Purchase Price in accordance with Section 1060 of the Internal Revenue Code in the manner set forth in Exhibit "E". The allocation of the Purchase Price and other relevant items among the Properties has been made using the residual method set forth in Section 1060 of the Internal Revenue Code, such that Buyer may file Form 8594, Asset Allocation Statement, with the Internal Revenue Service. Neither Seller nor Buyer shall file any tax return or other relevant document or otherwise take any position which is inconsistent with the allocation determined pursuant to this Section 9.6 except as may be adjusted by subsequent agreement following an audit by the Internal Revenue Service or by court decision.

ARTICLE 10
TERMINATION

10.1 Termination. If the Closing has not occurred on or before April 30, 2012, or another date as mutually agreed to by the Parties, this Agreement may be terminated by notice to the other Party in accordance with the following provisions: (i) by Buyer, if any condition to Buyer's obligations set forth in Article 6 is not satisfied, through no fault of Buyer, and such condition is not waived by Buyer at or prior to the Closing Date, by (ii) by Seller, if any condition to Seller's obligations set forth in Article 7 is not satisfied, through no fault of Seller, and such condition is not waived by Seller at or prior to the Closing Date, or (iii) upon the mutual agreement of Buyer and Seller.

10.2 Liability Upon Termination.

(A) Buyer's Default. If Closing does not occur because Buyer fails to tender performance at Closing or otherwise materially breaches this Agreement prior to Closing, and if Seller is not in material default under this Agreement and is ready, willing and able to Close, the Parties shall instruct the Escrow Agent to pay the Earnest Money to Seller and Seller shall be entitled to retain the Earnest Money as liquidated damages, which shall be Seller's sole remedy at law and in equity. Buyer's failure to close shall not be considered wrongful if Buyer's conditions under Article 6 are not satisfied through no fault of Buyer and are not waived by Buyer.

(B) Seller's Default. If Closing does not occur because Seller fails to tender performance at Closing or otherwise materially breach this Agreement prior to Closing, and if Buyer is not in material default under this Agreement and is ready, willing and able to Close, the Parties shall instruct the Escrow Agent to return the Earnest Money to Buyer, and Buyer shall retain any legal or equitable remedies for Seller's breach of this Agreement including, without limitation, specific performance. Seller's failure to close shall not be considered wrongful if Seller's conditions under Article 7 are not satisfied through no fault of Seller and are not waived by Seller.

(C) Other Termination. If this Agreement is terminated because (i) the conditions precedent have not been satisfied, and neither Party is at fault for such failure, (ii) the conditions precedent have not been satisfied, and Seller is at fault for such failure and Buyer is not at fault for such failure, or (iii) Seller and Buyer agree to terminate this Agreement for any other reason or for no reason, then each Party shall release the other Party from any and all liability for termination of this Agreement, and the Parties shall instruct the Escrow Agent to return the Earnest Money to Buyer.

ARTICLE 11
SURVIVAL AND INDEMNIFICATION

11.1 Survival. All representations and warranties contained in this Agreement of Seller shall terminate on the first anniversary of the Closing Date, except that all of Buyer's representations under Article 5 and Seller's representations under Sections 4.1, 4.2, 4.3, 4.4, and 4.6 shall survive until the third anniversary of the Closing Date. All other agreements and consents of the Parties shall survive the execution and delivery of the assignments of the Properties to Buyer by Seller.

11.2 Indemnification by Seller. Except for the Assumed Environmental Obligations (as defined below), from and after the Closing Date **SELLER SHALL INDEMNIFY, DEFEND AND HOLD BUYER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS SUFFERED BY BUYER AS A RESULT OF (A) ANY BROKERS' OR FINDERS' FEES OR COMMISSIONS ARISING WITH RESPECT TO BROKERS OR FINDERS RETAINED OR ENGAGED BY ANY PERSON OTHER THAN BUYER AND RESULTING FROM OR RELATING TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT; AND (B) THE BREACH OF, OR FAILURE TO PERFORM OR SATISFY, ANY OF THE COVENANTS OF SELLER SET FORTH IN THIS AGREEMENT. SELLER'S INDEMNITY OBLIGATIONS UNDER THIS SECTION 11.2 SHALL EXPIRE AS TO ANY CLAIM FOR INDEMNIFICATION NOT ASSERTED BY BUYER WITHIN TWELVE (12) MONTHS AFTER THE CLOSING DATE.** In no event shall Seller's indemnity obligation under this Section 11.2 exceed One Million Five Hundred Thousand Dollars ($1,500,000.00). The

terms and provisions of this Section 11.2 shall be the sole and exclusive remedy of each of the persons indemnified hereunder with respect to the indemnified matters, regardless of whether such Claims are based on contract, tort, strict liability, or other principles.

11.3 Buyer's Assumed Environmental Obligations. Upon and after the Closing Date, Buyer shall assume, bear and pay all costs and be liable for all Claims of the following with respect to the interests of Seller in the Properties assigned to Buyer (collectively, the "Assumed Environmental Obligations"), provided that Seller, its successors and assigns, shall retain their proportionate shares of any such Claims to the extent of any Retained Interests:

(A) Any plugging and abandonment operations related to the Wells that arise on or after the Effective Time; and

(B) Except to the extent that Seller's actions constitute gross negligence or willful misconduct or the occurrences, events, conditions and activities listed below do not relate to wastes, brine or NORM produced or created on the Properties, the following occurrences, events, conditions and activities on, or related or attributable to the ownership or operation of, the Properties, regardless of whether arising during the Seller's ownership period, are hereby assumed by Buyer:

(1) Environmental pollution or contamination, including pollution or contamination of the soil, groundwater or air by oil and gas, brine, NORM or otherwise;

(2) Underground injection activities and waste disposal;

(3) Clean-up responses, and the cost of remediation, control, assessment or compliance with respect to surface and subsurface pollution caused by spills, pits, ponds, lagoons or subsurface storage tanks; and

(4) Disposal on the Properties of any hazardous substances, wastes, materials and products generated by or used in connection with the ownership or operation of the Properties.

11.4 Indemnification by Buyer. **BUYER, FROM AND AFTER THE CLOSING DATE, SHALL RELEASE, INDEMNIFY, DEFEND AND HOLD SELLER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS SUFFERED BY SELLER AS A RESULT OF OR RELATING TO ANY OF THE FOLLOWING: (A) ANY LIABILITY OR OBLIGATION RELATING TO OR ARISING FROM THE OWNERSHIP OR OPERATION OF THE PROPERTIES ON AND AFTER THE EFFECTIVE TIME; (B) ANY BROKERS' OR FINDERS' FEES OR COMMISSIONS ARISING WITH RESPECT TO BROKERS OR FINDERS RETAINED OR ENGAGED BY BUYER AND RESULTING FROM OR RELATING TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT; (C) THE BREACH OF ANY REPRESENTATION OR WARRANTY OF BUYER SET FORTH IN THIS AGREEMENT; (D) THE BREACH OF, OR FAILURE TO PERFORM OR SATISFY ANY OF THE COVENANTS OF BUYER SET FORTH IN THIS AGREEMENT; AND (E) THE ASSUMED ENVIRONMENTAL OBLIGATIONS, REGARDLESS OF WHETHER THE ASSUMED ENVIRONMENTAL OBLIGATIONS RELATE TO CONDITIONS ARISING BEFORE OR AFTER THE EFFECTIVE TIME.**

11.5 Indemnity Threshold. Neither Seller nor Buyer shall have any liability for Claims under the indemnity provided in this Article 11 until the aggregate of all Claims suffered by Seller or Buyer, respectively, exceeds TWENTY-FIVE THOUSAND DOLLARS ($25,000.00), and then only to the extent of such excess.

11.6 Express Negligence Disclosure. UNLESS THIS AGREEMENT EXPRESSLY PROVIDES TO THE CONTRARY, THE INDEMNITY, RELEASE, WAIVER AND ASSUMPTION PROVISIONS SET FORTH IN THIS AGREEMENT APPLY REGARDLESS OF WHETHER THE INDEMNIFIED PARTY (OR ITS EMPLOYEES, PARTNERS, AGENTS, CONTRACTORS, ATTORNEYS SUCCESSORS OR ASSIGNS) CAUSES, IN WHOLE OR PART, AN INDEMNIFIED CLAIM, INCLUDING WITHOUT LIMITATION INDEMNIFIED CLAIMS ARISING OUT OF OR RESULTING, IN WHOLE OR IN PART, FROM, OUT OF OR IN CONNECTION WITH THE CONDITION OF THE PROPERTIES OR THE INDEMNIFIED PARTY'S (OR ITS EMPLOYEES', PARTNERS', AGENTS', REPRESENTATIVES', CONTRACTORS', ATTORNEYS', SUCCESSORS' OR ASSIGNS') SOLE, JOINT, COMPARATIVE OR CONCURRENT NEGLIGENCE, STRICT LIABILITY, BREACH OF REPRESENTATION, WARRANTY OR AGREEMENT, OR FAULT. THE PARTIES ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS CONSPICUOUS.

ARTICLE 12
ADDITIONAL PROVISIONS

12.1 Transition and Further Assurances. On and after the Closing Date, each of the Parties will execute, acknowledge and deliver to the other such further instruments, and take such other action as may be reasonably requested in order to more effectively assure said Party all of the respective properties, rights, titles, interests, estates, and privileges intended to be assigned, delivered or inuring to the benefit of such Party in consummation of the transactions contemplated hereby. For a period of sixty (60) days following the Closing Date, Seller shall provide such services in operation of the Properties as Buyer may reasonably request, at Buyer's sole cost and expense.

12.2 Notices. All communications required or permitted under this Agreement shall be in writing and any communication or delivery hereunder shall be deemed to have been duly given and received when actually delivered to the address set forth below of the party to be notified, addressed as follows:

If to Seller:

Bridge Energy Inc.
c/o Bridge Resources Corp.
1580 Lincoln Street, Suite 1110
Denver, Colorado 80203
Attn: Nicholas Clayton
Phone: 303.831.9022
Facsimile: 303.831.6366
E-Mail: nickjclayton@hotmail.co.uk

If to Buyer:

AM Idaho LLC (f/k/a AM Montana LLC)
15021 Katy Freeway, Suite 400
Houston, Texas 77094

Attn:	F. David Murrell
	Vice President Land
Phone:	281.530.0991
Facsimile:	281.530.5278
E-Mail:	dmurrell@altamesa.net

Any party may, by written notice so delivered to the other, change the address to which delivery shall thereafter be made.

12.3 Expenses. Buyer shall bear and pay all filing, recording or registration fees for any assignment or conveyance delivered hereunder. Each Party shall bear its own respective expenses incurred in connection with the Closing, including its own consultants' fees, attorneys' fees, accountants' fees and other similar costs and expenses.

12.4 No Partnership. This Agreement is not intended to create and shall not be construed as creating a partnership, joint venture or other association between Seller and Buyer. The respective rights and obligations of the parties hereto shall in all respects be several and governed by the express provisions of this Agreement.

12.5 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF IDAHO WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS.

12.6 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as neither the economic nor legal substance of the transactions contemplated hereby is materially affected in any adverse manner to either Buyer or Seller. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transaction contemplated hereby are fulfilled to the extent possible.

12.7 Assignment. Neither Seller nor Buyer may assign its respective rights or delegate their respective duties or obligations arising under this Agreement without the prior written consent of the other Party.

12.8 Integration. This Agreement, the Exhibits and Schedules hereto and the other agreements to be entered into by the Parties under the provisions of this Agreement set forth the entire agreement and understanding of the Parties in respect of the transactions contemplated hereby and supersede all prior agreements, prior arrangements and prior understandings, whether written or oral, relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made by Seller or Buyer that is not embodied in this Agreement or in the documents referred to herein, and neither Seller nor Buyer shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

12.9 Waiver or Modification. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by Seller and Buyer, or, in the case of a waiver or consent, by or on behalf of the Party or Parties waiving compliance or giving such consent. The failure of any Party at any time or times to require performance of any provision hereof shall in no

manner affect its right at a later time to enforce the same. No waiver by any Party of any condition, or of any breach of any covenant, agreement, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or waiver of any other condition or of any breach of any other covenant, agreement, representation or warranty.

12.10 Heading. The section headings contained in this Agreement are for convenient reference only and shall not in any way affect the meaning or interpretation of this Agreement. All references to a "section" or "Exhibit" shall refer to a section contained in this Agreement or an Exhibit attached to this Agreement.

12.11 Public Announcements. Seller acknowledges that Buyer is required to make certain press releases or other public announcements as may be required by applicable laws or rules and regulation of a Governmental Authority or stock exchange and such press releases or public announcements may be made without prior approval from Seller; provided, however, that Buyer shall provide advance notice of such press releases or public announcements to Seller. Seller shall not make any press release or other public announcement concerning this transaction without Buyer's prior written approval, except as may be required by applicable laws or rules and regulation of any Governmental Authority or stock exchange.

12.12 Interpretation. The Parties stipulate and agree that this Agreement shall be deemed and considered for all purposes to have been jointly prepared by the Parties, and shall not be construed against any one Party (nor shall any inference or presumption be made) on the basis of who drafted this Agreement or any particular provision hereof, who supplied the form of Agreement, or any other event of the negotiation, drafting or execution of this Agreement. Each Party agrees that this Agreement has been purposefully drawn and correctly reflects its understanding of the transaction that it contemplates. In construing this Agreement, the following principles will apply:

(A) Defined terms in this Agreement are denoted by quotation marks. A defined term has its defined meaning throughout this Agreement, including the recitals, and each Exhibit and Schedule to this Agreement, regardless of whether it appears before or after the place where it is defined;

(B) If there is any conflict or inconsistency between the provisions of the main body of this Agreement and the provisions of any Exhibit or Schedule hereto, the provisions of the main body of this Agreement shall take precedence. If there is any conflict between the provisions of any pro forma assignment document or other transaction documents attached to this Agreement as an Exhibit or Schedule and the provisions of any assignment documents and other transaction documents actually executed by the Parties, the provisions of the executed assignment documents and other executed transaction documents shall take precedence;

(C) To the fullest extent permitted by law, all provisions of this Agreement are hereby deemed incorporated into the Assignment by reference;

(D) The term "knowledge," as applied to each Party, shall mean the actual knowledge of such Party's officers and directors;

(E) The plural shall be deemed to include the singular, and vice versa; and

(F) The term "including" means "including, without limitation".

12.13 Third-Party Beneficiaries. It is understood and agreed that there shall be no third-party beneficiary of this Agreement, and that the provisions hereof do not impart enforceable rights, benefits, or remedies in anyone who is not a Party or a successor of a Party hereto.

12.14 Waiver of Deceptive Trade Practices Act. As partial consideration for this Agreement, each Party hereby expressly waives all consumer protection laws of the State of Idaho that may be waived by the Parties to the extent permitted by applicable law. Each Party represents to the other that such Party has had an adequate opportunity to submit this waiver to legal counsel for review and comment, and understands the rights being waived herein.

12.15 Confidentiality. Prior to Closing, all information provided to Buyer by Seller with respect to the Properties shall be retained in confidence by it and used by it only for the purposes of this transaction. Whether or not Closing occurs, for a period of one (1) year after the Closing Date, each Party shall keep confidential all confidential information obtained from the other Party in connection with this transaction and shall not release any information concerning this Agreement and the transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent:

(A) Buyer, after Closing, from using or disclosing information pertaining to the Properties; or

(B) A Party at any time from furnishing information: (i) to any Governmental Authority or to the public if required by applicable regulations or the rules of any recognized stock exchange or securities commission, provided that the Parties shall cooperate with and advise each other in advance of any public statement which they propose to make; and (ii) in connection with obtaining consents or complying with rights of first refusal or consents contained in any Leases, if applicable; (iii) to its financial, legal, taxation or other similar advisors in connection with completion this transaction or the financing thereof or to procure the consent of Buyer's or Seller's lenders, provided that any such persons are required to comply with the confidentiality provisions hereof.

12.16 Termination of Confidentiality Agreement. Contemporaneously with the execution of this Agreement that certain Confidentiality Agreement, dated October 31, 2011, between Bridge Resources, Corp. and Alta Mesa Holdings, LP, the parent company of Buyer, shall terminate in its entirety.

12.17 Efforts to Fulfill Conditions. The Parties shall proceed diligently and in good faith and use commercially reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent set out in Article 6 and Article 7.

12.18 Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is to be deemed as original, and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

SELLER:

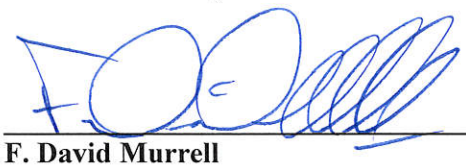
Bridge Energy Inc.

_____

Nicholas Clayton
Chief Executive Officer

BUYER:

AM Idaho LLC (f/k/a AM Montana LLC)



F. David Murrell
Vice President – Land and Business Development

Exhibit "A"	Leases
Exhibit "B"	Wells, WI, NRI
Exhibit "C"	Assignment and Bill of Sale
Exhibit "D"	Non-Foreign Certificate
Exhibit "E"	Allocation of Purchase Price
Exhibit "F"	Form of NPI
Exhibit "G"	Disclosures
Exhibit "H"	Form of Participation Agreement
Exhibit "I"	Form of Exploration Agreement

Schedule 4.13	Scheduled A/P
Schedule 6.6	Liens

EXHIBIT A

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

LEASES

THE OIL, GAS AND MINERAL LEASES
FOLLOW THIS COVER PAGE

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES			
100-001	Charles N. Kauffman, a single man and Randall C. Kauffman, a married man dealing in his sole and	Bridge Energy Inc. and Paramax Energy Inc.	2/2/2006	8N	4W	4	Payette	333677	707.6200	707.62	707.62	12.50%	5.00%	187.62	187.62					
100-002	Randall C. Kauffman, and Thana M. Kauffman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/3/2006	8N	4W	8	Payette	333676	1283.4500	1213.368	1283.45	12.50%	5.00%	315.50	312.75					
100-005	Thomas G. Roland, and Marcia R. Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2006	8N	4W	3	Payette	333892	174.5000	174.5	174.5000	12.50%	5.00%	174.5	174.5					
100-006A	L.G. Davison & Sons, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	3/10/2006	6N	4W	3	Payette	333967/ 348684	2227.9300	2203.29	2227.93	12.50%	5.00%			419.52	419.52			
100-007	Dale H. Myers, and Ila Myers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	20	Payette	336351	62.0000	62.00	62.00	12.50%	5.00%			62.00	62.00			
100-008	Robert Allen Rice, and Kimi K. Rice, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/6/2006	8N	4W	33	Payette	336350	100.0000	100.00	100.00	12.50%	5.00%			100.00	100.00			
100-009	Larry L. Dahnke, and Susan E. Dahnke, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2006	8N	4W	2	Payette	334611	790.2500	790.25	790.25	12.50%	5.00%	141.22	141.22					
100-010	Clark Roland, and Danita Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334614	67.0000	67.00	67.00	12.50%	5.00%	35.00	35.00					
100-011	Thomas G. Roland, and Marcia R. Roland, husband and wife, and Clark C. Roland, a married man dealing in his sole and separate property, as Tenants in Common.	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334615/ 334616	82.9200	82.92	82.92	12.50%	5.00%	82.92	82.92					
100-016	Hyrum L. Austin and Marlene A. Austin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/18/2006	7N	4W	10	Payette	335603	205.0000	185.00	205.00	12.50%	5.00%			205.00	185.00			
100-018	J.G. Schwarz, also known as Joseph G. Schwarz, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/8/2006	8N	3W	19	Payette	336794	2227.8100	2227.81	2227.81	12.50%	5.00%	212.97	212.97					
100-020	J.R. Simplot Company, a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	7N	3W	2	Gem/Payette	336790	5250.4800	4758.49	5250.48	14.00%	4.00%			786.02	393.01			
100-021	ML Investment Company a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	8N	4W	2	Payette	336791	3488.3600	3292.21	3428.36	16.00%	3.00%	2798.18	2792.03	430.18	400.18			
100-023	Big Willow Creek Company, an Idaho Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/23/2006	7N	3W	21	Gem	348619	3640.0800	3640.08	3640.08	12.50%	5.00%	965.00	965.00	720.00	720.00			
100-025	Bonnie Myers, a widow	Bridge Energy Inc. and Paramax Energy Inc.	5/31/2006	7N	4W	20	Payette	336353	86.0000	86.00	86.00	12.50%	5.00%			86.00	86.00			
100-030	Jonathan Edward Skinner	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2006	8N	4W	33	Payette	336349	197.2800	197.28	197.28	12.50%	5.00%			197.28	197.28			
100-032A	Clyde F. Gross, and Myrna J. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	13	Payette	336590	144.7900	101.22	144.79	12.50%	5.00%			144.79	101.22			
100-033	William R. Cummings, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	9	Payette	336796	103.3300	103.33	103.33	12.50%	5.00%			103.33	103.33			
100-034	Dennis V. Holbrook, and Arlene Holbrook	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	24	Payette	336795	30.1100	30.11	30.11	12.50%	5.00%			10.11	10.11			
100-035	Larry D. Schmelzel, Trustee of the Schmelzel Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	6	Payette	336859	177.2200	177.22	177.22	12.50%	5.00%			177.22	177.22			
100-038	Russel D. Rhodig, and Phyllis R. Rhodig, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/30/2006	8N	4W	34	Payette	337125	80.0100	80.01	80.01	12.50%	5.00%			80.01	80.01			
100-039	Deloy Hawker, and Carol Hawker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2006	7N	4W	11	Payette	337126	66.3800	66.38	66.38	12.50%	5.00%			66.38	66.38			
100-040	Gregory R. Wiese, and Sharon K. Wiese, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337127	117.1800	117.18	117.18	12.50%	5.00%			117.18	117.18			
100-041	Richard L. Fisher, and Susan R. Fisher, husband and wife,	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337128	178.8400	178.84	178.84	12.50%	5.00%			178.84	178.84			

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100-042A	Larry D. Cronin, and Julie A. Cronin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/28/2006	7N	4W	15	Payette	337129	104.9600	52.48	104.96	12.50%	5.00%			104.96	52.48			
100-044	Douglas A. White, and Kerry L. White, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/18/2006	7N	4W	9	Payette	337459	88.6900	88.69	88.69	12.50%	5.00%			88.69	88.69			
100-045	Robert Dale Howard, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2006	7N	4W	15	Payette	337458	52.9000	52.90	52.90	12.50%	5.00%			52.90	52.90			
100-047	Haminishi Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/1/2006	7N	4W	6	Payette	337886	495.8300	495.83	495.83	12.50%	5.00%			495.83	495.83			
100-048	Dale J. Lacrone, and Karen R. Lacrone, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	34	Payette	339535	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-049	James J. Lacrone, a married man herein dealing in his separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	33	Payette	339534	35.8000	35.80	35.80	12.50%	5.00%			35.80	35.80			
100-052	Rodney C. Orrison, and Nancy L. Orrison, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/8/2006	7N	4W	1	Payette	338084	127.2000	127.20	127.20	12.50%	5.00%			127.20	127.20			
100-054	Tim Shaw, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	11	Payette	338087	88.3800	88.38	88.38	12.50%	5.00%			88.38	88.38			
100-055	Tim Shaw Herefords, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	24	Payette	338086	63.5000	63.50	63.50	12.50%	5.00%			63.50	63.50			
100-059	Tanya L. Johanek, and Daniel P. Johanek, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2006	7N	4W	24	Payette	338790	58.1300	58.13	58.13	12.50%	5.00%			58.13	58.13			
100-062	Robert R. Ziemer, and Toni M. Ziemer, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/7/2006	8N	4W	33	Payette	338795	37.9600	37.96	37.96	12.50%	5.00%			37.96	37.96			
100-063	Christopher Robert Mettler, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338791	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-065	Chris R. Mettler, and Penny J. Mettler, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338789	113.3300	93.33	113.33	12.50%	5.00%			113.33	94.22			
100-066	Ronald L. Veatch, a single person	Bridge Energy Inc. and Paramax Energy Inc.	8/24/2006	7N	4W	2	Payette	338792	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36			
100-068	Teddy A. Allen, Sr., a.k.a Ted Allen and Teresa L. Allen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	3	Payette	338784	42.4400	42.44	42.44	12.50%	5.00%			42.44	42.44			
100-072	Blaine L. Cornell, and Greta L. Cornell, Trustees of the Cornell 1994 Revocable Trust, under instrument dated April 18, 1994	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	9	Payette	338782	135.4700	135.47	135.47	12.50%	5.00%			135.47	135.47			
100-073	Betty J. Hart, a widow	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	11	Payette	339201	33.3700	33.37	33.37	12.50%	5.00%			33.37	33.37			
100-074	Ronald A. Hart, and Sandra K. Hart, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	10	Payette	339202	32.8000	32.80	32.80	12.50%	5.00%			32.80	32.80			
100-076	Lyla Scheihing, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2006	7N	4W	4	Payette	339362	44.2900	44.29	44.29	12.50%	5.00%			44.29	44.29			
100-079	Lorrie Tracy, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2006	7N	4W	2	Payette	339359	232.8000	232.80	232.80	12.50%	5.00%			232.80	232.80			
100-082A	Bill G. Ramsey and Corrine C. Ramsey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2006	7N	4W	12	Payette	339533	116.9400	109.21	116.94	12.50%	5.00%			116.94	109.21			
100-083	Paula Espino, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2006	7N	4W	2	Payette	339776	95.5900	95.59	95.59	12.50%	5.00%			95.59	95.59			
100-084	Gregory M. Davis, and Katherine J. Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/20/2006	7N	4W	20	Payette	339777	185.8500	185.85	185.85	12.50%	5.00%			185.85	185.85			

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100-085	Edwin Lee Huckfeldt, and Billie June Huckfeldt, as Trustees of The E.L. and B.J. Huckfeldt Trust	Bridge Energy Inc. and Paramax Energy Inc.	10/18/2006	7N	4W	4	Payette	340152	83.3800	83.38	83.38	12.50%	5.00%			83.38	83.38			
100-089	Danny L. Shoemaker, and Norine R. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340154	26.1400	26.14	26.14	12.50%	5.00%			26.14	26.14			
100-090	Michael F. Shoemaker, and Sandra K. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340151	71.9100	71.91	71.91	12.50%	5.00%			71.91	71.91			
100-091	Robert Edgar Griffiths, and Cathy Griffiths, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/10/2006	7N	4W	5	Payette	340290	50.6500	50.65	50.65	12.50%	5.00%			50.65	50.65			
100-092	Ernest E. Eilers, and Marie S. Eilers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/17/2006	7N	4W	10	Payette	340524	40.8700	40.87	40.87	12.50%	5.00%			40.87	40.87			
100-093A	Robert E. Kniefel, and Carolyn M. Kniefel husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/16/2006	8N	4W	33	Payette	344396	258.5200	149.26		12.50%	5.00%			40.00	40.00			
100-095	Ronald L. Young, and Siriwan Young, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/15/2006	7N	4W	13	Payette	340526	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-099	Hazel Getman-Bates, and Farrel E. Bates, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	12/7/2006	7N	4W	6	Payette	340847	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-100	Bruce A. Kniefel, and Connie A. Kniefel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/6/2006	8N	4W	28	Payette	340848	95.0000	95.00	95.00	12.50%	5.00%			95.00	95.00			
100-101A	Ilene Y. Betz, a.k.a. Ilene Betz, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341299	124.9100	62.46	124.91	12.50%	5.00%			40.00	20.00			
100-101B	Ilene Y. Betz, a.k.a. Ilene Betz, Eldon Hugh Betz, and Kent Gist as Trustees, in trust for Eldon Hugh Betz, Robin Rachelle Stauts, and Anthony Wayne Shuyler, in the Matter of the Estate of Elmer Betz, deceased, Case No. E 729, District Court, Third Judicial District of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341774		62.45	0.00	12.50%	5.00%			0.00	20.00			
100-105	W. Allen Schmid, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	18	Payette	341778	67.0400	67.04	67.04	12.50%	5.00%			67.04	67.04			
100-106	Karla Matista, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	2	Payette	341776	43.3800	43.38	43.38	12.50%	5.00%			43.38	43.38			
100-107	Floyd A. Newburn, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2007	7N	4W	18	Payette	342408	138.1000	138.10	138.10	12.50%	5.00%			138.10	138.10			
100-108	Wander Dotson Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2007	8N	4W	29	Payette	342407	263.3300	263.33	263.33	12.50%	5.00%			153.33	153.33			
100-111	Arthur W. Lee, and Freda E. Lee a.k.a. Freda Elsie Lee, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	5	Payette	343315	205.6000	205.60	205.60	12.50%	5.00%			205.60	205.60			
100-113	Ramona R. Lee, a single person	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	7	Payette	343317	37.0000	37.00	37.00	12.50%	5.00%			37.00	37.00			
100-115	John M. Griffin, and Janice R. Griffin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343722	18.5700	18.57	18.57	12.50%	5.00%			18.57	18.57			
100-116	Elisa A. Baldwin, a married person dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343312	17.1500	17.15	17.15	12.50%	5.00%			17.15	17.15			

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100-117	City of New Plymouth, a political subdivision of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	2/15/2007	8N	4W	34	Payette	342913	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-123	Ida M. Lindsay, a widow	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2007	7N	4W	5	Payette	343720	48.3000	48.30	48.30	12.50%	5.00%			48.30	48.30			
100-135A	Beverly J. Hollen, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348352	314.4400	157.22	314.44	12.50%	5.00%	80.00	40.00					
100-135B	Elizabeth Hardin, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348351		157.22	0.00	12.50%	5.00%	0	40.00					
100-136	Scott C. Brainard, Trustee of the Scott Cree Brainard Trust u/t/d August 10, 2000 restated October 6, 2004, as amended	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2007	8N	4W	1	Payette	348620	320.0000	320.00	320.00	12.50%	5.00%	320.00	320.00					
100-137A	Byron Champion, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/25/2007	8N	3W	4	Payette	348621	2440.0000	542.22	2440.00	12.50%	5.00%	320.00	71.11					
100-137AA	Bert H. Reins a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371418	2120.0000	78.52	0.00	12.50%	5.00%	320.00	11.85184					
100-137AB	Charlotte L. Lawer a/k/a Charlotte Reins Lawer a married women dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette			78.52	0.00	12.50%	5.00%	0.00	11.85184					
100-137AC	Elizabeth A. Holsinger a/k/a Elizabeth Limbaugh Holsinger, a married women dealing in her sole and separate property.	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371419		117.78	0.00	12.50%	5.00%	0.00	17.78					
100-137AD	Donnette Ann Reins, a single women	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371420		78.52	0.00	12.50%	5.00%	0.00	11.85					
100-137AE	Trust A of The Lawrence and Barbara Limbaugh Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2010	8N	3W	4	Payette	371421		117.78	2120.00	12.50%	5.00%	0.00	17.86					
100-137B	Sarah Thomison, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348742		135.55	2440.00	12.50%	5.00%	0.00	17.76					
100-137C	Tamara L. Epperson, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348743		271.11	2440.00	12.50%	5.00%	0.00	35.55					
100-137D	Dameon Epperson, a single man	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	349237		135.55	2440.00	12.50%	5.00%	0.00	17.78					
100-137E	Jerry Jerome Reins, a widow and sole heir to the Estate of Otto F.Reins, deceased	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2008	8N	3W	4	Payette	352241		813.33	0.00	12.50%	5.00%	0.00	106.65					
100-162	The Lavinia Palmer Trust, U/T/A dated September 6, 1994	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2008	7N	4W	3	Payette	351482	58.4000	58.40	58.40	12.50%	5.00%			58.40	58.40			
100-169	Eldred Farms, Inc., an Idaho corporation, and Daryl Eldred, a/k/a Daryl W. Eldred, a/k/a Daryl Wesley Eldred, individually, as a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/13/2008	7N	4W	7	Payette	352094	181.0900	181.09	181.09	12.50%	5.00%			177.57	177.57			
100-197	Clifton L. Eldred, a single man	Bridge Energy Inc. and Paramax Energy Inc.	7/1/2008	7N	4W	7	Payette	355272	128.5500	128.55	128.55	12.50%	5.00%			128.55	128.55			
100-200	Hinatsu Farms, LLLP	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2008	8N	4W	31	Payette	355866	118.9200	118.92	118.92	12.50%	5.00%			38.92	38.92			

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100-207	Eduardo Ferreira, a/k/a Eduardo M.Ferreira and Teresa Ferreira, a/k/a Teresa J. Ferreira, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2008	7N	4W	8	Payette	357050	106.2100	106.21	106.21	12.50%	5.00%			28.71	28.71			
100-208	Ryan D. Kerby, and Kathy L. Kerby, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2008	7N	4W	2	Payette	356605	12.0000	12.00	12.00	12.50%	5.00%			12.00	12.00			
100-210	Robert Finley, a/k/a a/k/a Robert Joe Finley, and Frances Finley, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/23/2008	7N	4W	2	Payette	357049	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-211	Randy Cope, and Melanie Cope husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/28/2008	7N	4W	2	Payette	357052	9.9700	9.97	9.97	12.50%	5.00%			9.97	9.97			
100-212	Randy V. Frates, and Connie L. Frates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/31/2008	7N	4W	2	Payette	357051	24.9800	24.98	24.98	12.50%	5.00%			24.98	24.98			
100-214	Delmer W. Thompson, and Audrey M. Thompson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	11	Payette	357055	38.0000	38.00	38.00	12.50%	5.00%			38.00	38.00			
100-215	Gary D. Askew, and Clara A. Askew husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	2	Payette	357056	22.9500	22.95	22.95	12.50%	5.00%			22.95	22.95			
100-216	Kenneth M. Gross, a/k/a Kenneth Moodey Gross, a/k/a K. Moodey Gross, and Terri S. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357057	18.0400	18.04	18.04	12.50%	5.00%			18.04	18.04			
100-217	W. Robert Fitch, an unmarried man, and Lois M. Silva, an unmarried woman, as Joint Tenants	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357058	6.9400	6.94	6.94	12.50%	5.00%			6.94	6.94			
100-218	David W. Boyle, a single man	Bridge Energy Inc. and Paramax Energy Inc.	11/12/2008	7N	4W	11	Payette	357319	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-219	David Blacketter, and Toni Blacketter, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/19/2008	7N	4W	11	Payette	357150	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-220	Teresa A. Brandel, a widow	Bridge Energy Inc. and Paramax Energy Inc.	12/4/2008	7N	4W	3	Payette	357497	30.0800	30.08	30.08	12.50%	5.00%			30.08	30.08			
100-221	The Leeroy and Lorrie Tracy Trust, an Idaho revocable trust, under trust agreement dated March 12, 2004	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357498	28.6600	28.66	28.66	12.50%	5.00%			28.66	28.66			
100-222	Gilbert Paul Fields, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/5/2008	7N	4W	11	Payette	357499	20.4900	20.49	20.49	12.50%	5.00%			20.49	20.49			
100-223	David R. Allwein, and Katherine Allwein, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357550	4.2400	4.24	4.24	12.50%	5.00%			4.24	4.24			
100-224	Rutilo Espino, and Paula M. Espino, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357551	1.2400	1.24	1.24	12.50%	5.00%			1.24	1.24			
100-225	Park View Cemetery Maintenance District, a/k/a Parkview Cemetery, Inc., an Idaho non-profit corporation	Bridge Energy Inc. and Paramax Energy Inc.	12/12/2008	7N	4W	2	Payette	357552	0.9800	0.98	0.98	12.50%	5.00%			0.98	0.98			
100-226	William R. Eicher, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2008	7N	4W	2	Payette	357553	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-227	Pete Erominok, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2008	7N	4W	2	Payette	357753	1.6600	1.66	1.66	12.50%	5.00%			1.66	1.66			
100-228	James B. Lambert, and Patricia A. Lambert, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/9/2008	7N	4W	11	Payette	357754	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00			
100-229	Carolina Gomez, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	7N	4W	2	Payette	358055	1.2000	1.20	1.20	12.50%	5.00%			1.20	1.20			

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100-230	Cyril W. Roland, a/k/a C.W. Roland and Irene J. Roland, a/k/a Irene Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	8N	4W	17	Payette	358056	345.8600	345.86	345.86	12.50%	5.00%	345.86	345.86					
100-231	Richard P. Evey, and Susan D. Evey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	8N	4W	9	Payette	358322	5.0000	5.00	5.00	12.50%	5.00%	5.00	5.00					
100-233	Mike O. Boudreaux, and Jeanine Boudreaux husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	7N	4W	3	Payette	358359	16.4900	16.49	16.49	12.50%	5.00%			16.49	16.49			
100-237	Renee L. Cummings, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2009	7N	4W	2	Payette	358357	0.6100	0.61	0.61	12.50%	5.00%			0.61	0.61			
100-238	Glenn A. Houston, and Joyce A. Houston, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/29/2009	7N	4W	9	Payette	358358	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00			
100-239	David R. Temple, a/k/a David Temple, and Rebecca C. Temple a/k/a Becky Temple, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	358713	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-240	Shawn M. Evins, and Renae L. Evins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	359115	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-241	Ray A. Miller, and Janet L. Miller, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	11	Payette	358712	6.8900	6.89	6.89	12.50%	5.00%			6.89	6.89			
100-243A	Gustavo A. Solis, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette	358711	10.0000	5.00	10.00	12.50%	5.00%			10.00	5.00			
100-243B	Marco T. Solis, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette		10.0000	5.00	0.00	12.50%	5.00%			0.00	5.00			
100-244	Joseph L. Hodges, and Kimberly A. Hodges, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2009	7N	4W	17	Payette	358522	3.7000	3.70	3.70	12.50%	5.00%			3.70	3.70			
100-245	Ronald D. Hendrickson, and Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	8N	3W	30	Payette	358523	277.8200	277.82	277.82	12.50%	5.00%			258.85	258.85			
100-246	Ronald D. Hendrickson, and Charlene Hendrickson, a/k/a D. Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	7N	4W	17	Payette	358524	7.8700	7.87	7.87	12.50%	5.00%			7.87	7.87			
100-247	Patricia Rae Deveny, a widow	Bridge Energy Inc. and Paramax Energy Inc.	2/17/2009	7N	4W	17	Payette	359114	12.1300	12.13	12.13	12.50%	5.00%			12.13	12.13			
100-248	Paul Mendiola, and Mona A. Mendiola, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/24/2009	8N	4W	5	Payette	359206	805.6700	805.67	805.67	12.50%	5.00%	280.00	280.00					
100-250	Lloyd F. Rawlings and Linda Rawlings	Bridge Energy Inc. and Paramax Energy Inc.	3/30/2010	7N	4W	5	Payette	366627	41.7400	41.74	41.74	12.50%	5.00%			41.74	41.74			
100-251	Richard H. Purdum and Jerry R. Purdum	Bridge Energy Inc. and Paramax Energy Inc.	3/29/2010	7N	4W	8	Payette	366628	19.8500	19.85	19.85	12.50%	5.00%			19.85	19.85			
100-252	Lyla Scheihing Living Trust, under trust agreement dated December 4, 1995	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2010	7N	4W	4	Payette	366629	14.4000	14.40	14.40	12.50%	5.00%			14.40	14.40			
100-256	Douglas A. Richards and Sharon Jo Richards, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	8	Payette	366633	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-257A	Myrl Haines and Christene L. Haines Family Living Trust	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366634	38.9100	19.4550	38.91	12.50%	5.00%			38.91	19.4550			
100-257B	Byrl Haines, aka Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366635		19.4550	0.0000	12.50%	5.00%			0	19.4550			
100-258	David Kertes and Fawn Kertes, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/14/2010	7N	4W	8	Payette	366636	20.5500	20.55	20.55	12.50%	5.00%			20.55	20.55			

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100-259	Mountain West Entrust IRA F.B.O. Melvin G. Beatty Jr. IRA	Bridge Energy Inc. and Paramax Energy Inc.	5/14/2010	7N	4W	8	Payette	368486	16.8600	16.86	16.86	12.50%	5.00%			16.86	16.86			
100-260	Farrel E. Bates and Hazel Getman Bates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366637	10.9400	10.94	10.94	12.50%	5.00%			10.94	10.94			
100-261	Mila Getman, a widow	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366638	17.2900	17.29	17.29	12.50%	5.00%			17.29	17.29			
100-263	Bruce Cummings and Marianne Cummings, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/11/2010	7N	4W	12	Payette	369256	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-264A	Hunter R. Brock and Wilda I. Brock, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367647	26.5200	13.26	13.26	12.50%	5.00%			26.52	13.26			
100-264B	Greg W. Willison and Marilyn Jo Willison, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/5/2010	7N	4W	8	Payette	367648	23.7200	11.86	0	12.50%	5.00%			0.00	11.86			
100-266	Kevin J. Border and Christine L. Border, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367650	16.7700	16.77	16.77	12.50%	5.00%			16.77	16.77			
100-267	William H. Storey and Jayne M. Storey, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/17/2010	7N	4W	12	Payette	367651	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-268	Charles M. Darrall and Joann Darrall, Trustees of the "Charles M. and Joann Darrall Family Trust"	Bridge Energy Inc. and Paramax Energy Inc.	6/4/2010	7N	4W	10	Payette	367652	30.0000	30.00	30.00	12.50%	5.00%			30.00	30.00			
100-269	Joseph D. Baldocchi and Diane L. Baldocchi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/27/2010	7N	4W	7	Payette	367653	11.6800	11.68	11.68	12.50%	5.00%			11.68	11.68			
100-270	Thomas R. Sorensen and Julie A. Sorensen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	9	Payette	368489	21.1400	21.14	21.14	12.50%	5.00%			21.14	21.14			
100-272	Ralph V. Walker and Darleen M. Walker	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	3	Payette	368491	10.3900	10.39	10.39	12.50%	5.00%			10.39	10.39			
100-274A	Franklin D. Teunissen,a/k/a Frank Teunissen, and Leslie J. Teunissen, a/k/a Leslie Teunissen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/1/2010	7N	4W	8	Payette	375250	149.4100	133.71	149.41	12.50%	5.00%			150.01	133.71			
100-275A	Michael Joseph Hally and Susan Colleen Hally, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/10/2010	7N	4W	10	Payette	368492	20.2500	10.13	20.25	12.50%	5.00%			20.25	10.13			
100-276	Royce D. Porath and Teresa L. Porath, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2010	7N	4W	12	Payette	368493	22.0900	22.09	22.09	12.50%	5.00%			22.09	22.09			
100-277	Julie Ann Roberts, f/k/a Julie Ann Maneely, a married woman dealingt in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	6/24/2010	7N	4W	3	Payette	368494	5.1300	5.13	5.13	12.50%	5.00%			5.13	5.13			
100-279	A. LeRoy Atwood, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	7/6/2010	8N	4W	17	Payette	368496	152.8500	152.85	152.85	12.50%	5.00%	35.85	35.85					
100-280	Myron P. Davis and Luella Ann Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	9	Payette	368497	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-281	Duane Presnell and Judith L. Presnell, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	3	Payette	368498	6.6900	6.69	6.69	12.50%	5.00%			6.69	6.69			
100-283	Guy D. Werner, a married man, dealing in his whole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2010	7N	4W	20	Payette	368499	11.0000	11.00	11.00	12.50%	5.00%			11.00	11.00			
100-284	John H. Gettle and Patricia K. Gettle, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2010	7N	4W	16	Payette	368555	15.6600	15.66	15.66	12.50%	5.00%			15.66	15.66			
100-285	Dallas C. Hawker and Betty J. Hawker, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	9	Payette	368500	29.0300	29.03	29.03	12.50%	5.00%			29.03	29.03			

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES			
100-286	Walter Colley, a widower	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	22	Payette	368501	31.0400	31.04	31.04	12.50%	5.00%			31.04	31.04			
100-287	Yvonne M. Young, a widow	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	15	Payette	368502	1.3000	1.30	1.30	12.50%	5.00%			1.30	1.30			
100-289	Merle Lingel and LaVonne Jean Lingel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/21/2010	7N	4W	3	Payette	368503	8.4500	8.45	8.45	12.50%	5.00%			8.45	8.45			
100-291	Stanley E. Nelson and Ann C. Nelson, as Co-Trustees of the Nelson Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	8/4/2010	7N	4W	9	Payette	368505	36.2500	36.25		12.50%	5.00%			36.25	36.25			
100-293	Randy Young, a married man as his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/12/2010	7N	4W	15	Payette	368507	4.0400	4.04	4.04	12.50%	5.00%			4.04	4.04			
100-294	Alan Beebe and Kay Beebe, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	15	Payette	371422	16.0000	16.00	16.00	12.50%	5.00%			16.00	16.00			
100-296	Janyce Clough, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	3	Payette	368509	9.5600	9.56	9.56	12.50%	5.00%			9.56	9.56			
100-297	Susan L. Bunce, a single woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	9	Payette	368510	4.6700	4.67	4.67	12.50%	5.00%			4.67	4.67			
100-303	Daniel D. Cook and Dorothy M. Cook, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	3	Payette	369135	1.5200	1.52	1.52	12.50%	5.00%			1.52	1.52			
100-304	Todd E. Hammon and Julie A. Hammon, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/25/2010	7N	4W	14	Payette	369136	22.0000	22.00	22.00	12.50%	5.00%			22.00	22.00			
100-305	Howard J. Fisher and Betty A. Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/27/2010	7N	4W	9	Payette	371424	13.7000	13.70	13.70	12.50%	5.00%			13.70	13.70			
100-306	Lyle Cable and Lorrie Cable, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	15	Payette		5.3100	5.31	5.31	12.50%	5.00%			5.31	5.31			
100-308	Douglas H. Smith and Silvie D. Smith, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/23/2010	7N	4W	14	Payette	371425	2.9700	2.97	2.97	12.50%	5.00%			2.97	2.97			
100-309	Daniel L. Peterson, a married man of his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	14	Payette	368553	35.6100	35.61	35.61	12.50%	5.00%			35.61	35.61			
100-310	Ramona R. Lee, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2010	8N	4W	31	Payette	369723	39.4800	39.48	39.48	12.50%	5.00%			39.48	39.48			
100-311	Jerry L. Hall and Juanita M. Hall, husband and wife	Bridge Energy Inc. and Paramax Energy Inc	10/7/2010	8N	4W	34	Payette	371426	4.4200	4.42	4.42	12.50%	5.00%			4.42	4.42			
100-312	Dean C. Anderson and Brenda J. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2010	7N	4W	3	Payette	371427	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-313	Dan Bicandi, a/k/a Daniel T. Bicandi, and Corena Bicandi, a/k/a Corena K. Bicandi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/6/2010	7N	4W	1	Payette	370988	502.8200	502.82	502.82	12.50%	5.00%			319.45	319.45			
100-314	Philip V. Pittman and Kay J. Pittman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2010	7N	4W	3	Payette	369716	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36			
100-316	Rick Van Vliet and Family Dairy, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/30/2010	7N	4W	7	Payette	371428	124.0100	124.01	124.01	12.50%	5.00%			40.00	40.00			
100-317	Charles E. Anderson, Jr. and Julie A. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/10/2010	7N	4W	4	Payette	369718	3.3400	3.34	3.34	12.50%	5.00%			3.34	3.34			
100-318	David Earl Frost and Lillian L. Frost, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/16/2010	7N	4W	16	Payette	371662	16.7900	16.79	16.79	12.50%	5.00%			16.79	16.79			
100-320	JKJ, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/2/2010	8N	4W	13	Payette	370987	173.5500	173.55	173.55	12.50%	5.00%	173.55	173.55					
100-321	Ray L. Brogan, a single man	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	9	Payette	369719	3.2300	3.23	3.23	12.50%	5.00%			3.23	3.23			
100-322	D & P Buchanan LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/24/2010	7N	4W	4	Payette	371663	50.1900	50.19	50.19	12.50%	5.00%			50.19	50.19			

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100-325	Marvin C. Collinsworth and Darla S. Collinsworth, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/14/2010	7N	4W	5	Payette	369722	95.8700	95.87	95.87	12.50%	5.00%			95.87	95.87			
100-326	Eagle Island Ranch, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	10/12/2010	8N	4W	36	Payette	371429	203.0900	203.09	203.09	12.50%	5.00%			203.09	203.09			
100-327A	Myrl Haines and Christene L. Haines Family Living Trust, a trust established under the laws of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371430	167.3100	74.50	167.31	12.50%	5.00%			117.31	49.49			
100-327B	Byrl Haines, a/k/a Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371431	167.3100	74.50	0.00	12.50%	5.00%			0	49.49			
100-329	Dale G. Lisle and Jacqueline K. Lisle, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/27/2010	7N	4W	6	Payette	371433	4.4800	4.48	4.48	12.50%	5.00%			4.48	4.48			
100-333	Seven Oaks Development, LLC an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	12/3/2010	8N	5W	23	Payette	371416	42.4600	42.4600	42.46	12.50%	5.00%			42.46	42.46			
100-335	Steven L. Moser and Katie H. Moser, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	22	Payette	369134	8.9600	8.96	8.96	12.50%	5.00%			8.96	8.96			
100-336	Thomas S. Johnson and Shirley A. Johnson	Bridge Energy Inc. and Paramax Energy Inc.	8/18/2010	7N	4W	15	Payette	371423	32.3300	32.33	32.33	12.50%	5.00%			32.33	32.33			
100-337	Donald V. Smith, a single man	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	15	Payette	369173	19.0000	19.00	19.00	12.50%	5.00%			19.00	19.00			
100-700A	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/8/2010	7N	4W	24	Payette	371031	11.9300	5.97	11.93	12.50%	5.00%			11.93	5.97			
100-701A	Curt Kamo and Kathleen M. Kamo, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/24/2010	7N	4W	7	Payette	371030	5.2000	2.60	5.20	12.50%	5.00%			5.20	2.60			
100-703	D. Marc Haws and Karen I. Haws, as Co-Trustees of The D. Marc & Karen I. Haws Trust under Trust Agreement dated effective October 10, 2000	Bridge Energy Inc. and Paramax Energy Inc.	1/31/2011	7N	3W	7	Payette	372375	168.1400	168.14	168.14	12.50%	5.00%			25.14	25.14			
100-708	George M. Rogoff	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369880	0.9700	0.97	0.97	12.50%	5.00%			0.97	0.97			
100-709	Darwin L. and Gertrude A. Jenkins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369879	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-710	Lee A. and Doris Cope Brown, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369878	3.2500	3.25	3.25	12.50%	5.00%			3.25	3.25			
100-711	Robert A. and Trina M. Knott, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2011	7N	4W	7	Payette	371357	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-712A	Tracey A. Sherman and Jeff Sherman, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371835	10.2300	5.12	10.23	12.50%	5.00%			10.23	5.12			
100-712B	Tim G. Cooper, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371834		5.12	0.00	12.50%	5.00%			0.00	5.12			
100-714	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	2/4/2011	7N	4W	11	Payette	371831	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-715	Lennie P. Ahnstedt and Mary Mae Ahnstedt, Co-Trustees of the Ahnstedt Family 1998 Revocable Trust, u/t/a dated 5/27/1998.	Bridge Energy Inc. and Paramax Energy Inc.	2/16/2011	7N	4W	7	Payette	371830	51.5300	51.53	51.53	12.50%	5.00%			1.00	1.00			
100-716	Archie L. Freeman and Maria T. Freeman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2011	7N	4W	11	Payette	371979	5.5030	5.503	5.503	12.50%	5.00%			5.503	5.503			
100-717	Travis L. Fisher and Tina Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/24/2011	7N	4W	7	Payette	371833	3.2800	3.280	3.280	12.50%	5.00%			3.280	3.280			

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100-718	John T. Schneider and M. Janelle Schneider, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	371832	2.0000	2.000	2.000	12.50%	5.00%			2.000	2.000			
100-719	Glenn C. Blankenship and Sherill M. Blankenship, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	372376	1.8000	1.800	1.800	12.50%	5.00%			1.800	1.800			
100-722	T. Kyle and Talia N. Seaweard, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/19/2011	7N	4W	8	Payette	373310	6.7100	6.710	6.710	12.50%	5.00%			6.710	6.710			
100-725	Elizabeth Nay	Bridge Energy Inc. and Paramax Energy Inc.	4/19/2011	7N	4W	8	Payette	373705	6.1800	6.180	6.180	12.50%	5.00%			6.18	6.18			
100-726A	Richard M. Peterson, as Trustee of the Richard Peterson Trust under Trust Agreement dated September 4, 2001, and his substitutes and successors as Trustee.	Bridge Energy Inc. and Paramax Energy Inc.	6/2/2011	8N	4W	10	Payette	375244	40.0000	20.000	40.000	12.50%	5.00%	40.000	20.000					
100-532	O-01981 State of Idaho Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	8	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-533	O-01982 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	16	Payette		520.00	520.00	520.00	12.50%	5.00%			520.00	520.00			
100-534	O-01983 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	17	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00			
100-535	O-01984 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	18	Payette		320.00	320.00	320.00	12.50%	5.00%			320.00	320.00			
100-536	O-01985 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	21	Payette		640.00	640.00	640.00	12.50%	5.00%			640.00	640.00			
100-537	O-01986 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	22	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00			
100-547	O-01996 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	10	Payette		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00					
100-548	O-01997 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	16	Payette		560.00	560.00	560.00	12.50%	5.00%	560.00	560.00					
100-549	O-01998 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	32	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-550	O-01999 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	36	Payette		120.00	120.00	120.00	12.50%	5.00%			120.00	120.00			
														7433.17	7084.314	13522.263	12901.653			
																		Total for Willow/Hamilton		
																		Gross	Net	
																		20,955.43	19,985.96	

EXHIBIT B

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

WELLS, WI AND NRI
FOLLOW THIS COVER PAGE

Lease #	Wells
100-021	ML Invest 1-10, DJS 1-13, 1-14,1-15
100-083	Espino 1-2
100-221	Tracy Trust 3-2
100-044	White 1-10
100-534	Teunissen State 1-17
100-537	Korn 1-22
100-019	Island Capitol 1-19
100-018	Schwartz 1-10
100-533	Shoemaker State 1-16
100-533	Doolittle State 2-16
100-182	May 1-13

EXHIBIT C

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

FORM OF ASSIGNMENT AND BILL OF SALE

ASSIGNMENT AND BILL OF SALE

STATE OF IDAHO §
§
COUNTIES OF GEM and PAYETTE §

Bridge Energy Inc., whose address 1580 Lincoln Street, Suite 1110, Denver, Colorado 80203, ("Assignor"), in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms, provisions, covenants and conditions hereinafter provided, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER unto **AM Idaho LLC (f/k/a AM Montana LLC)**, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("Assignee"), the following (hereinafter collectively referred to as the "Properties"):

(a) An undivided thirty-six percent (36%) of eight-eighths (8/8ths) (the "Assigned Interest") in the entire estates created by the oil, gas and mineral leases and other oil and gas interests (the "Leases") and lands covered thereby (the "Lands")described in Exhibit "A" attached hereto, together with all property and rights incident thereto, including all rights and interests in any unit or pooled area in which the Leases and/or Lands are included to the extent that such rights and interests arise from and are associated with the Leases and/or Lands, including all rights derived from any unitization, pooling, operating, communitization or other agreement or from any declaration or order of any Governmental Authority having jurisdiction, together with all direct and indirect interests in and rights with respect to oil, gas, minerals and related properties and assets of any kind or nature, including working, royalty and overriding royalty interests, production payments, operating rights, net profits interests, other non-working interests and non-operating interests covering or with respect to the Leases and Lands whether or not specifically described in Exhibit "A";

(b) The Assigned Interest in the oil and/or gas wells located on the Leases and/or Lands, or other leases and/or lands pooled therewith, including, without limitation, the wells described in Exhibit "B" attached hereto (the "Wells");

(c) The Assigned Interest in all rights, privileges, benefits and powers with respect to the use and occupancy of the surface and subsurface depths in and under the Leases and Lands that are necessary or incidental to possession and enjoyment thereof or any interest therein under the terms of the Leases applicable thereto;

(d) The Assigned Interest in all valid and existing gas purchase and sale contracts, operating agreements, participation agreements, prospect agreements, seismic agreements, and other contracts, and agreements relating to the Leases, Lands and the Wells (collectively, the "Contracts");

(e) The Assigned Interest in all permits, easements, rights-of-way, surface leases, franchises, licenses, approvals, consents, certificates, servitudes, surface use agreements, and other similar interests used or held for use in connection with the ownership or operation of the Leases, Lands and/or Wells or with production or treatment of hydrocarbons produced therefrom, or sale or disposal of water, hydrocarbons or associated substances therefrom or attributable thereto;

(f) The Assigned Interest in all oil, gas, and related hydrocarbons and other minerals produced from and after the Effective Time attributable to the Leases, Lands and Wells;

(g) The Assigned Interest in all wellbores, fixtures, equipment, and other property, both movable and immovable, by attachment or otherwise that are used or held for use in connection with the Leases, Lands and/or Wells, appurtenant thereto, or directly used or obtained in connection with the Leases, Lands and/or Wells or with the production, treatment, sale, or disposal of hydrocarbons or waste produced therefrom or attributable thereto, including, without limitation, all gathering systems, pipelines, processing systems, plants, compressors, meters, injection wells, salt water disposal wells and facilities, well equipment, casing, tanks, buildings, tubing, pipeline pipe (including, without limitation, the approximately eight and a half (8-1/2) miles of pipeline pipe owned by Seller and located in Idaho and Utah), pumps, motors, fixtures, machinery, power lines, roads, field processing plants and all other equipment and improvements to the extent used in the operation of the Wells, Leases and/or Lands (collectively, the "Equipment");

(h) All other properties and interests (real, personal, contractual or mixed) including without limitation, to the extent transferable at no cost or expense to Assignor, or that Assignee, at its sole option, agrees to pay any transfer cost or expense, geological, geophysical and seismic data, owned by Assignor in whole or in part, to the extent they are used or held for use in connection with the Assigned Interest Leases, Lands and/or Wells; and

(i) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the Assigned Interest in the Properties in the possession of, and maintained by, Assignor.

TO HAVE AND TO HOLD the Properties unto Assignee, its successors and assigns, subject to the terms and provisions hereof, forever. Assignor forever warrants and defends title to the Properties against all persons claiming by, through or under Assignor, but not otherwise.

This Assignment and Bill of Sale ("Assignment") is made subject to the terms, provisions, covenants and conditions of the following contracts:

1. The Leases and all other instruments recorded in the real property records of the County Clerk's office as of the effective date of this Assignment that affect the Properties described in the attached Exhibit "A".

2. All terms of the Purchase and Sale agreement dated effective January 1, 2012, between Assignor and Assignee (the "PSA").

3. EXCEPT WITH RESPECT TO THE REPRESENTATIONS AND WARRANTIES ASSIGNOR MADE IN THE PSA, ASSIGNOR MAKES NO REPRESENTATION OR WARRANTY OF ANY

KIND WHATSOEVER WITH RESPECT TO THE QUANTITY, QUALITY, CONDITION, SIZE, WEIGHT, SERVICEABILITY, OR ANY OTHER ASPECT OF THE WELLS, WELLBORES, FIXTURES, EQUIPMENT, OR OTHER PERSONAL PROPERTY THAT CONSTITUTE THE PROPERTIES AND THAT ARE BEING CONVEYED HEREBY TO ASSIGNEE AS IS, WHERE IS, AND WITH ALL FAULTS AND DEFECTS AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR. ASSIGNOR SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED (OTHER THAN THOSE MADE IN THE PSA), THAT THE PROPERTIES, OR ANY PORTION THEREOF, ARE IN COMPLIANCE WITH ANY FEDERAL OR STATE ENVIRONMENTAL RULES OR REGULATIONS.

4. ASSIGNEE SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNOR, ITS EMPLOYEES AND AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM (as defined below.):

(a) ARISING FROM OR RELATING TO, WHOLLY OR IN PART, THE OPERATION OR OWNERSHIP OF THE PROPERTIES ON OR AFTER THE EFFECTIVE DATE OF THIS ASSIGNMENT, OR

(b) RELATING TO THE PROPERTIES WHICH ARE EXCLUDED FROM ASSIGNORS' INDEMNITY OBLIGATION.

5. ASSIGNOR SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNEE, ITS EMPLOYEES AND AGENTS, SUCCESSORS, ATTORNEYS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM SOLELY ARISING FROM OR RELATING TO THE OWNERSHIP OF THE PROPERTIES PRIOR TO THE EFFECTIVE DATE OF THIS ASSIGNMENT, PROVIDED, HOWEVER, ASSIGNOR'S INDEMNITY OBLIGATION SHALL NOT APPLY TO ANY CLAIM RELATING TO THE ASSUMED ENVIRONMENTAL OBLIGATIONS, AS SUCH TERM IS DEFINED IN THE PSA

6. THE PARTY CLAIMING A RIGHT TO INDEMNITY HEREUNDER SHALL, AS SOON AS IT IS REASONABLY PRACTICABLE: (I) NOTIFY THE INDEMNIFYING PARTY IN WRITING OF ANY CLAIM AS TO WHICH INDEMNITY IS SOUGHT, GIVING FULL PARTICULARS IN REASONABLE DETAIL; (II) COOPERATE WITH THE INDEMNIFYING PARTY IN THE DEFENSE OF SUCH CLAIM; AND (III) NOT MAKE OR AGREE TO ANY SETTLEMENT OF SUCH CLAIM WITHOUT THE INDEMNIFYING PARTY'S WRITTEN CONSENT, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

7. THE TERM "CLAIM", AS USED HEREIN, MEANS ANY AND ALL DIRECT OR INDIRECT, DEMANDS, CLAIMS, NOTICES OF VIOLATION, NOTICES OF PROBABLE VIOLATION, FILINGS, INVESTIGATIONS, ADMINISTRATIVE PROCEEDINGS, ACTIONS, CAUSES OF ACTION, SUITS, AND OTHER LEGAL PROCEEDINGS, JUDGMENTS, ASSESSMENTS, DAMAGES, DEFICIENCIES, TAXES, PENALTIES, FINES, OBLIGATIONS, RESPONSIBILITIES, LIABILITIES, PAYMENTS, CHARGES, COSTS, AND EXPENSES (INCLUDING WITHOUT LIMITATION COSTS AND EXPENSES OF OPERATING THE PROPERTIES) OF ANY KIND OR CHARACTER (WHETHER OR NOT ASSERTED PRIOR TO THE CLOSING DATE, AND WHETHER KNOWN OR UNKNOWN, FIXED OR UNFIXED, CONDITIONAL OR UNCONDITIONAL, BASED ON NEGLIGENCE, STRICT LIABILITY, BREACH OF REPRESENTATION, WARRANTY OR AGREEMENT, OR OTHERWISE, CHOATE OR INCHOATE, LIQUIDATED OR UNLIQUIDATED, SECURED OR UNSECURED, ACCRUED,

ABSOLUTE, CONTINGENT, OR OTHERWISE), INCLUDING WITHOUT LIMITATION PENALTIES AND INTEREST ON ANY AMOUNT PAYABLE AS A RESULT OF ANY OF THE FOREGOING, ANY LEGAL OR OTHER COSTS AND EXPENSES INCURRED IN CONNECTION WITH INVESTIGATING OR DEFENDING ANY CLAIM, AND ALL AMOUNTS PAID IN SETTLEMENT OF CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE TERM "CLAIMS" SPECIFICALLY INCLUDES, WITHOUT LIMITATION, ANY AND ALL CLAIMS ARISING FROM, ATTRIBUTABLE TO OR INCURRED IN CONNECTION WITH ANY (I) BREACH OF CONTRACT, (II) LOSS OR DAMAGE TO PROPERTY, INJURY TO OR DEATH OF PERSONS, AND OTHER TORTIOUS INJURY, AND (III) VIOLATIONS OF APPLICABLE LAWS, RULES, REGULATIONS, ORDERS OR ANY OTHER LEGAL RIGHT OR DUTY ACTIONABLE AT LAW OR EQUITY.

8. This Assignment and all rights, reservations and covenants in connection therewith shall be considered covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

[Signature pages follow]

IN WITNESS WHEREOF, this Assignment is dated effective as of January 1, 2012, but executed as of the date set forth below as acknowledged.

ASSIGNOR:

Bridge Energy Inc.

_____

Nicholas Clayton
Chief Executive Officer

STATE OF COLORADO

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of March, 2012, by Nicholas Clayton, the Chief Executive Officer of Bridge Energy Inc., a Colorado corporation, on behalf of said corporation.

_____

Notary Public in and for the
State of Colorado

ASSIGNEE:

AM Idaho LLC (f/k/a AM Montana LLC)

_____

F. David Murrell
Vice President – Land

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the _____ day of March, 2012, by F. David Murrell, the Vice-President Land of AM Idaho LLC (f/k/a AM Montana LLC), a Texas limited liability company, on behalf of said limited liability company.

_____

Notary Public in and for the
State of Texas

EXHIBIT A

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

LEASES

THE OIL, GAS AND MINERAL LEASES

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES			
100-001	Charles N. Kauffman, a single man and Randall C. Kauffman, a married man dealing in his sole and	Bridge Energy Inc. and Paramax Energy Inc.	2/2/2006	8N	4W	4	Payette	333677	707.6200	707.62	707.62	12.50%	5.00%	187.62	187.62					
100-002	Randall C. Kauffman, and Thana M. Kauffman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/3/2006	8N	4W	8	Payette	333676	1283.4500	1213.368	1283.45	12.50%	5.00%	315.50	312.75					
100-005	Thomas G. Roland, and Marcia R. Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2006	8N	4W	3	Payette	333892	174.5000	174.5	174.5000	12.50%	5.00%	174.5	174.5					
100-006A	L.G. Davison & Sons, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	3/10/2006	6N	4W	3	Payette	333967/ 348684	2227.9300	2203.29	2227.93	12.50%	5.00%			419.52	419.52			
100-007	Dale H. Myers, and Ila Myers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	20	Payette	336351	62.0000	62.00	62.00	12.50%	5.00%			62.00	62.00			
100-008	Robert Allen Rice, and Kimi K. Rice, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/6/2006	8N	4W	33	Payette	336350	100.0000	100.00	100.00	12.50%	5.00%			100.00	100.00			
100-009	Larry L. Dahnke, and Susan E. Dahnke, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2006	8N	4W	2	Payette	334611	790.2500	790.25	790.25	12.50%	5.00%	141.22	141.22					
100-010	Clark Roland, and Danita Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334614	67.0000	67.00	67.00	12.50%	5.00%	35.00	35.00					
100-011	Thomas G. Roland, and Marcia R. Roland, husband and wife, and Clark C. Roland, a married man dealing in his sole and separate property, as Tenants in Common.	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334615/ 334616	82.9200	82.92	82.92	12.50%	5.00%	82.92	82.92					
100-016	Hyrum L. Austin and Marlene A. Austin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/18/2006	7N	4W	10	Payette	335603	205.0000	185.00	205.00	12.50%	5.00%			205.00	185.00			
100-018	J.G. Schwarz, also known as Joseph G. Schwarz, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/8/2006	8N	3W	19	Payette	336794	2227.8100	2227.81	2227.81	12.50%	5.00%	212.97	212.97					
100-020	J.R. Simplot Company, a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	7N	3W	2	Gem/Payette	336790	5250.4800	4758.49	5250.48	14.00%	4.00%			786.02	393.01			
100-021	ML Investment Company a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	8N	4W	2	Payette	336791	3488.3600	3292.21	3428.36	16.00%	3.00%	2798.18	2792.03	430.18	400.18			
100-023	Big Willow Creek Company, an Idaho Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/23/2006	7N	3W	21	Gem	348619	3640.0800	3640.08	3640.08	12.50%	5.00%	965.00	965.00	720.00	720.00			
100-025	Bonnie Myers, a widow	Bridge Energy Inc. and Paramax Energy Inc.	5/31/2006	7N	4W	20	Payette	336353	86.0000	86.00	86.00	12.50%	5.00%			86.00	86.00			
100-030	Jonathan Edward Skinner	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2006	8N	4W	33	Payette	336349	197.2800	197.28	197.28	12.50%	5.00%			197.28	197.28			
100-032A	Clyde F. Gross, and Myrna J. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	13	Payette	336590	144.7900	101.22	144.79	12.50%	5.00%			144.79	101.22			
100-033	William R. Cummings, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	9	Payette	336796	103.3300	103.33	103.33	12.50%	5.00%			103.33	103.33			
100-034	Dennis V. Holbrook, and Arlene Holbrook	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	24	Payette	336795	30.1100	30.11	30.11	12.50%	5.00%			10.11	10.11			
100-035	Larry D. Schmelzel, Trustee of the Schmelzel Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	6	Payette	336859	177.2200	177.22	177.22	12.50%	5.00%			177.22	177.22			
100-038	Russel D. Rhodig, and Phyllis R. Rhodig, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/30/2006	8N	4W	34	Payette	337125	80.0100	80.01	80.01	12.50%	5.00%			80.01	80.01			
100-039	Deloy Hawker, and Carol Hawker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2006	7N	4W	11	Payette	337126	66.3800	66.38	66.38	12.50%	5.00%			66.38	66.38			
100-040	Gregory R. Wiese, and Sharon K. Wiese, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337127	117.1800	117.18	117.18	12.50%	5.00%			117.18	117.18			
100-041	Richard L. Fisher, and Susan R. Fisher, husband and wife,	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337128	178.8400	178.84	178.84	12.50%	5.00%			178.84	178.84			

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100-042A	Larry D. Cronin, and Julie A. Cronin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/28/2006	7N	4W	15	Payette	337129	104.9600	52.48	104.96	12.50%	5.00%			104.96	52.48			
100-044	Douglas A. White, and Kerry L. White, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/18/2006	7N	4W	9	Payette	337459	88.6900	88.69	88.69	12.50%	5.00%			88.69	88.69			
100-045	Robert Dale Howard, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2006	7N	4W	15	Payette	337458	52.9000	52.90	52.90	12.50%	5.00%			52.90	52.90			
100-047	Haminishi Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/1/2006	7N	4W	6	Payette	337886	495.8300	495.83	495.83	12.50%	5.00%			495.83	495.83			
100-048	Dale J. Lacrone, and Karen R. Lacrone, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	34	Payette	339535	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-049	James J. Lacrone, a married man herein dealing in his separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	33	Payette	339534	35.8000	35.80	35.80	12.50%	5.00%			35.80	35.80			
100-052	Rodney C. Orrison, and Nancy L. Orrison, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/8/2006	7N	4W	1	Payette	338084	127.2000	127.20	127.20	12.50%	5.00%			127.20	127.20			
100-054	Tim Shaw, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	11	Payette	338087	88.3800	88.38	88.38	12.50%	5.00%			88.38	88.38			
100-055	Tim Shaw Herefords, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	24	Payette	338086	63.5000	63.50	63.50	12.50%	5.00%			63.50	63.50			
100-059	Tanya L. Johanek, and Daniel P. Johanek, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2006	7N	4W	24	Payette	338790	58.1300	58.13	58.13	12.50%	5.00%			58.13	58.13			
100-062	Robert R. Ziemer, and Toni M. Ziemer, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/7/2006	8N	4W	33	Payette	338795	37.9600	37.96	37.96	12.50%	5.00%			37.96	37.96			
100-063	Christopher Robert Mettler, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338791	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-065	Chris R. Mettler, and Penny J. Mettler, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338789	113.3300	93.33	113.33	12.50%	5.00%			113.33	94.22			
100-066	Ronald L. Veatch, a single person	Bridge Energy Inc. and Paramax Energy Inc.	8/24/2006	7N	4W	2	Payette	338792	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36			
100-068	Teddy A. Allen, Sr., a.k.a Ted Allen and Teresa L. Allen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	3	Payette	338784	42.4400	42.44	42.44	12.50%	5.00%			42.44	42.44			
100-072	Blaine L. Cornell, and Greta L. Cornell, Trustees of the Cornell 1994 Revocable Trust, under instrument dated April 18, 1994	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	9	Payette	338782	135.4700	135.47	135.47	12.50%	5.00%			135.47	135.47			
100-073	Betty J. Hart, a widow	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	11	Payette	339201	33.3700	33.37	33.37	12.50%	5.00%			33.37	33.37			
100-074	Ronald A. Hart, and Sandra K. Hart, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	10	Payette	339202	32.8000	32.80	32.80	12.50%	5.00%			32.80	32.80			
100-076	Lyla Scheihing, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2006	7N	4W	4	Payette	339362	44.2900	44.29	44.29	12.50%	5.00%			44.29	44.29			
100-079	Lorrie Tracy, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2006	7N	4W	2	Payette	339359	232.8000	232.80	232.80	12.50%	5.00%			232.80	232.80			
100-082A	Bill G. Ramsey and Corrine C. Ramsey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2006	7N	4W	12	Payette	339533	116.9400	109.21	116.94	12.50%	5.00%			116.94	109.21			
100-083	Paula Espino, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2006	7N	4W	2	Payette	339776	95.5900	95.59	95.59	12.50%	5.00%			95.59	95.59			
100-084	Gregory M. Davis, and Katherine J. Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/20/2006	7N	4W	20	Payette	339777	185.8500	185.85	185.85	12.50%	5.00%			185.85	185.85			

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100-085	Edwin Lee Huckfeldt, and Billie June Huckfeldt, as Trustees of The E.L. and B.J. Huckfeldt Trust	Bridge Energy Inc. and Paramax Energy Inc.	10/18/2006	7N	4W	4	Payette	340152	83.3800	83.38	83.38	12.50%	5.00%			83.38	83.38			
100-089	Danny L. Shoemaker, and Norine R. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340154	26.1400	26.14	26.14	12.50%	5.00%			26.14	26.14			
100-090	Michael F. Shoemaker, and Sandra K. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340151	71.9100	71.91	71.91	12.50%	5.00%			71.91	71.91			
100-091	Robert Edgar Griffiths, and Cathy Griffiths, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/10/2006	7N	4W	5	Payette	340290	50.6500	50.65	50.65	12.50%	5.00%			50.65	50.65			
100-092	Ernest E. Eilers, and Marie S. Eilers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/17/2006	7N	4W	10	Payette	340524	40.8700	40.87	40.87	12.50%	5.00%			40.87	40.87			
100-093A	Robert E. Kniefel, and Carolyn M. Kniefel husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/16/2006	8N	4W	33	Payette	344396	258.5200	149.26		12.50%	5.00%			40.00	40.00			
100-095	Ronald L. Young, and Siriwan Young, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/15/2006	7N	4W	13	Payette	340526	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-099	Hazel Getman-Bates, and Farrel E. Bates, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	12/7/2006	7N	4W	6	Payette	340847	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-100	Bruce A. Kniefel, and Connie A. Kniefel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/6/2006	8N	4W	28	Payette	340848	95.0000	95.00	95.00	12.50%	5.00%			95.00	95.00			
100-101A	Ilene Y. Betz, a.k.a. Ilene Betz, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341299	124.9100	62.46	124.91	12.50%	5.00%			40.00	20.00			
100-101B	Ilene Y. Betz, a.k.a. Ilene Betz, Eldon Hugh Betz, and Kent Gist as Trustees, in trust for Eldon Hugh Betz, Robin Rachelle Stauts, and Anthony Wayne Shuyler, in the Matter of the Estate of Elmer Betz, deceased, Case No. E 729, District Court, Third Judicial District of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341774		62.45	0.00	12.50%	5.00%			0.00	20.00			
100-105	W. Allen Schmid, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	18	Payette	341778	67.0400	67.04	67.04	12.50%	5.00%			67.04	67.04			
100-106	Karla Matista, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	2	Payette	341776	43.3800	43.38	43.38	12.50%	5.00%			43.38	43.38			
100-107	Floyd A. Newburn, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2007	7N	4W	18	Payette	342408	138.1000	138.10	138.10	12.50%	5.00%			138.10	138.10			
100-108	Wander Dotson Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2007	8N	4W	29	Payette	342407	263.3300	263.33	263.33	12.50%	5.00%			153.33	153.33			
100-111	Arthur W. Lee, and Freda E. Lee a.k.a. Freda Elsie Lee, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	5	Payette	343315	205.6000	205.60	205.60	12.50%	5.00%			205.60	205.60			
100-113	Ramona R. Lee, a single person	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	7	Payette	343317	37.0000	37.00	37.00	12.50%	5.00%			37.00	37.00			
100-115	John M. Griffin, and Janice R. Griffin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343722	18.5700	18.57	18.57	12.50%	5.00%			18.57	18.57			
100-116	Elisa A. Baldwin, a married person dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343312	17.1500	17.15	17.15	12.50%	5.00%			17.15	17.15			

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100-117	City of New Plymouth, a political subdivision of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	2/15/2007	8N	4W	34	Payette	342913	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-123	Ida M. Lindsay, a widow	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2007	7N	4W	5	Payette	343720	48.3000	48.30	48.30	12.50%	5.00%			48.30	48.30			
100-135A	Beverly J. Hollen, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348352	314.4400	157.22	314.44	12.50%	5.00%	80.00	40.00					
100-135B	Elizabeth Hardin, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348351		157.22	0.00	12.50%	5.00%	0	40.00					
100-136	Scott C. Brainard, Trustee of the Scott Cree Brainard Trust u/t/d August 10, 2000 restated October 6, 2004, as amended	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2007	8N	4W	1	Payette	348620	320.0000	320.00	320.00	12.50%	5.00%	320.00	320.00					
100-137A	Byron Champion, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/25/2007	8N	3W	4	Payette	348621	2440.0000	542.22	2440.00	12.50%	5.00%	320.00	71.11					
100-137AA	Bert H. Reins a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371418	2120.0000	78.52	0.00	12.50%	5.00%	320.00	11.85184					
100-137AB	Charlotte L. Lawer a/k/a Charlotte Reins Lawer a married women dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette			78.52	0.00	12.50%	5.00%	0.00	11.85184					
100-137AC	Elizabeth A. Holsinger a/k/a Elizabeth Limbaugh Holsinger, a married women dealing in her sole and separate property.	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371419		117.78	0.00	12.50%	5.00%	0.00	17.78					
100-137AD	Donnette Ann Reins, a single women	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371420		78.52	0.00	12.50%	5.00%	0.00	11.85					
100-137AE	Trust A of The Lawrence and Barbara Limbaugh Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2010	8N	3W	4	Payette	371421		117.78	2120.00	12.50%	5.00%	0.00	17.86					
100-137B	Sarah Thomison, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348742		135.55	2440.00	12.50%	5.00%	0.00	17.76					
100-137C	Tamara L. Epperson, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348743		271.11	2440.00	12.50%	5.00%	0.00	35.55					
100-137D	Dameon Epperson, a single man	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	349237		135.55	2440.00	12.50%	5.00%	0.00	17.78					
100-137E	Jerry Jerome Reins, a widow and sole heir to the Estate of Otto F.Reins, deceased	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2008	8N	3W	4	Payette	352241		813.33	0.00	12.50%	5.00%	0.00	106.65					
100-162	The Lavinia Palmer Trust, U/T/A dated September 6, 1994	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2008	7N	4W	3	Payette	351482	58.4000	58.40	58.40	12.50%	5.00%			58.40	58.40			
100-169	Eldred Farms, Inc., an Idaho corporation, and Daryl Eldred, a/k/a Daryl W. Eldred, a/k/a Daryl Wesley Eldred, individually, as a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/13/2008	7N	4W	7	Payette	352094	181.0900	181.09	181.09	12.50%	5.00%			177.57	177.57			
100-197	Clifton L. Eldred, a single man	Bridge Energy Inc. and Paramax Energy Inc.	7/1/2008	7N	4W	7	Payette	355272	128.5500	128.55	128.55	12.50%	5.00%			128.55	128.55			
100-200	Hinatsu Farms, LLLP	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2008	8N	4W	31	Payette	355866	118.9200	118.92	118.92	12.50%	5.00%			38.92	38.92			

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100-207	Eduardo Ferreira, a/k/a Eduardo M.Ferreira and Teresa Ferreira, a/k/a Teresa J. Ferreira, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2008	7N	4W	8	Payette	357050	106.2100	106.21	106.21	12.50%	5.00%			28.71	28.71			
100-208	Ryan D. Kerby, and Kathy L. Kerby, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2008	7N	4W	2	Payette	356605	12.0000	12.00	12.00	12.50%	5.00%			12.00	12.00			
100-210	Robert Finley, a/k/a a/k/a Robert Joe Finley, and Frances Finley, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/23/2008	7N	4W	2	Payette	357049	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-211	Randy Cope, and Melanie Cope husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/28/2008	7N	4W	2	Payette	357052	9.9700	9.97	9.97	12.50%	5.00%			9.97	9.97			
100-212	Randy V. Frates, and Connie L. Frates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/31/2008	7N	4W	2	Payette	357051	24.9800	24.98	24.98	12.50%	5.00%			24.98	24.98			
100-214	Delmer W. Thompson, and Audrey M. Thompson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	11	Payette	357055	38.0000	38.00	38.00	12.50%	5.00%			38.00	38.00			
100-215	Gary D. Askew, and Clara A. Askew husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	2	Payette	357056	22.9500	22.95	22.95	12.50%	5.00%			22.95	22.95			
100-216	Kenneth M. Gross, a/k/a Kenneth Moodey Gross, a/k/a K. Moodey Gross, and Terri S. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357057	18.0400	18.04	18.04	12.50%	5.00%			18.04	18.04			
100-217	W. Robert Fitch, an unmarried man, and Lois M. Silva, an unmarried woman, as Joint Tenants	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357058	6.9400	6.94	6.94	12.50%	5.00%			6.94	6.94			
100-218	David W. Boyle, a single man	Bridge Energy Inc. and Paramax Energy Inc.	11/12/2008	7N	4W	11	Payette	357319	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-219	David Blacketter, and Toni Blacketter, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/19/2008	7N	4W	11	Payette	357150	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-220	Teresa A. Brandel, a widow	Bridge Energy Inc. and Paramax Energy Inc.	12/4/2008	7N	4W	3	Payette	357497	30.0800	30.08	30.08	12.50%	5.00%			30.08	30.08			
100-221	The Leeroy and Lorrie Tracy Trust, an Idaho revocable trust, under trust agreement dated March 12, 2004	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357498	28.6600	28.66	28.66	12.50%	5.00%			28.66	28.66			
100-222	Gilbert Paul Fields, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/5/2008	7N	4W	11	Payette	357499	20.4900	20.49	20.49	12.50%	5.00%			20.49	20.49			
100-223	David R. Allwein, and Katherine Allwein, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357550	4.2400	4.24	4.24	12.50%	5.00%			4.24	4.24			
100-224	Rutilo Espino, and Paula M. Espino, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357551	1.2400	1.24	1.24	12.50%	5.00%			1.24	1.24			
100-225	Park View Cemetery Maintenance District, a/k/a Parkview Cemetery, Inc., an Idaho non-profit corporation	Bridge Energy Inc. and Paramax Energy Inc.	12/12/2008	7N	4W	2	Payette	357552	0.9800	0.98	0.98	12.50%	5.00%			0.98	0.98			
100-226	William R. Eicher, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2008	7N	4W	2	Payette	357553	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-227	Pete Erominok, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2008	7N	4W	2	Payette	357753	1.6600	1.66	1.66	12.50%	5.00%			1.66	1.66			
100-228	James B. Lambert, and Patricia A. Lambert, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/9/2008	7N	4W	11	Payette	357754	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00			
100-229	Carolina Gomez, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	7N	4W	2	Payette	358055	1.2000	1.20	1.20	12.50%	5.00%			1.20	1.20			

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100-230	Cyril W. Roland, a/k/a C.W. Roland and Irene J. Roland, a/k/a Irene Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	8N	4W	17	Payette	358056	345.8600	345.86	345.86	12.50%	5.00%	345.86	345.86					
100-231	Richard P. Evey, and Susan D. Evey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	8N	4W	9	Payette	358322	5.0000	5.00	5.00	12.50%	5.00%	5.00	5.00					
100-233	Mike O. Boudreaux, and Jeanine Boudreaux husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	7N	4W	3	Payette	358359	16.4900	16.49	16.49	12.50%	5.00%			16.49	16.49			
100-237	Renee L. Cummings, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2009	7N	4W	2	Payette	358357	0.6100	0.61	0.61	12.50%	5.00%			0.61	0.61			
100-238	Glenn A. Houston, and Joyce A. Houston, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/29/2009	7N	4W	9	Payette	358358	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00			
100-239	David R. Temple, a/k/a David Temple, and Rebecca C. Temple a/k/a Becky Temple, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	358713	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-240	Shawn M. Evins, and Renae L. Evins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	359115	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-241	Ray A. Miller, and Janet L. Miller, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	11	Payette	358712	6.8900	6.89	6.89	12.50%	5.00%			6.89	6.89			
100-243A	Gustavo A. Solis, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette	358711	10.0000	5.00	10.00	12.50%	5.00%			10.00	5.00			
100-243B	Marco T. Solis, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette		10.0000	5.00	0.00	12.50%	5.00%			0.00	5.00			
100-244	Joseph L. Hodges, and Kimberly A. Hodges, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2009	7N	4W	17	Payette	358522	3.7000	3.70	3.70	12.50%	5.00%			3.70	3.70			
100-245	Ronald D. Hendrickson, and Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	8N	3W	30	Payette	358523	277.8200	277.82	277.82	12.50%	5.00%			258.85	258.85			
100-246	Ronald D. Hendrickson, and Charlene Hendrickson, a/k/a D. Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	7N	4W	17	Payette	358524	7.8700	7.87	7.87	12.50%	5.00%			7.87	7.87			
100-247	Patricia Rae Deveny, a widow	Bridge Energy Inc. and Paramax Energy Inc.	2/17/2009	7N	4W	17	Payette	359114	12.1300	12.13	12.13	12.50%	5.00%			12.13	12.13			
100-248	Paul Mendiola, and Mona A. Mendiola, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/24/2009	8N	4W	5	Payette	359206	805.6700	805.67	805.67	12.50%	5.00%	280.00	280.00					
100-250	Lloyd F. Rawlings and Linda Rawlings	Bridge Energy Inc. and Paramax Energy Inc.	3/30/2010	7N	4W	5	Payette	366627	41.7400	41.74	41.74	12.50%	5.00%			41.74	41.74			
100-251	Richard H. Purdum and Jerry R. Purdum	Bridge Energy Inc. and Paramax Energy Inc.	3/29/2010	7N	4W	8	Payette	366628	19.8500	19.85	19.85	12.50%	5.00%			19.85	19.85			
100-252	Lyla Scheihing Living Trust, under trust agreement dated December 4, 1995	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2010	7N	4W	4	Payette	366629	14.4000	14.40	14.40	12.50%	5.00%			14.40	14.40			
100-256	Douglas A. Richards and Sharon Jo Richards, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	8	Payette	366633	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-257A	Myrl Haines and Christene L. Haines Family Living Trust	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366634	38.9100	19.4550	38.91	12.50%	5.00%			38.91	19.4550			
100-257B	Byrl Haines, aka Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366635		19.4550	0.0000	12.50%	5.00%			0	19.4550			
100-258	David Kertes and Fawn Kertes, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/14/2010	7N	4W	8	Payette	366636	20.5500	20.55	20.55	12.50%	5.00%			20.55	20.55			

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100-259	Mountain West Entrust IRA F.B.O. Melvin G. Beatty Jr. IRA	Bridge Energy Inc. and Paramax Energy Inc.	5/14/2010	7N	4W	8	Payette	368486	16.8600	16.86	16.86	12.50%	5.00%			16.86	16.86			
100-260	Farrel E. Bates and Hazel Getman Bates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366637	10.9400	10.94	10.94	12.50%	5.00%			10.94	10.94			
100-261	Mila Getman, a widow	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366638	17.2900	17.29	17.29	12.50%	5.00%			17.29	17.29			
100-263	Bruce Cummings and Marianne Cummings, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/11/2010	7N	4W	12	Payette	369256	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-264A	Hunter R. Brock and Wilda I. Brock, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367647	26.5200	13.26	13.26	12.50%	5.00%			26.52	13.26			
100-264B	Greg W. Willison and Marilyn Jo Willison, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/5/2010	7N	4W	8	Payette	367648	23.7200	11.86	0	12.50%	5.00%			0.00	11.86			
100-266	Kevin J. Border and Christine L. Border, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367650	16.7700	16.77	16.77	12.50%	5.00%			16.77	16.77			
100-267	William H. Storey and Jayne M. Storey, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/17/2010	7N	4W	12	Payette	367651	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00			
100-268	Charles M. Darrall and Joann Darrall, Trustees of the "Charles M. and Joann Darrall Family Trust"	Bridge Energy Inc. and Paramax Energy Inc.	6/4/2010	7N	4W	10	Payette	367652	30.0000	30.00	30.00	12.50%	5.00%			30.00	30.00			
100-269	Joseph D. Baldocchi and Diane L. Baldocchi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/27/2010	7N	4W	7	Payette	367653	11.6800	11.68	11.68	12.50%	5.00%			11.68	11.68			
100-270	Thomas R. Sorensen and Julie A. Sorensen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	9	Payette	368489	21.1400	21.14	21.14	12.50%	5.00%			21.14	21.14			
100-272	Ralph V. Walker and Darleen M. Walker	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	3	Payette	368491	10.3900	10.39	10.39	12.50%	5.00%			10.39	10.39			
100-274A	Franklin D. Teunissen,a/k/a Frank Teunissen, and Leslie J. Teunissen, a/k/a Leslie Teunissen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/1/2010	7N	4W	8	Payette	375250	149.4100	133.71	149.41	12.50%	5.00%			150.01	133.71			
100-275A	Michael Joseph Hally and Susan Colleen Hally, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/10/2010	7N	4W	10	Payette	368492	20.2500	10.13	20.25	12.50%	5.00%			20.25	10.13			
100-276	Royce D. Porath and Teresa L. Porath, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2010	7N	4W	12	Payette	368493	22.0900	22.09	22.09	12.50%	5.00%			22.09	22.09			
100-277	Julie Ann Roberts, f/k/a Julie Ann Maneely, a married woman dealingt in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	6/24/2010	7N	4W	3	Payette	368494	5.1300	5.13	5.13	12.50%	5.00%			5.13	5.13			
100-279	A. LeRoy Atwood, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	7/6/2010	8N	4W	17	Payette	368496	152.8500	152.85	152.85	12.50%	5.00%	35.85	35.85					
100-280	Myron P. Davis and Luella Ann Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	9	Payette	368497	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-281	Duane Presnell and Judith L. Presnell, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	3	Payette	368498	6.6900	6.69	6.69	12.50%	5.00%			6.69	6.69			
100-283	Guy D. Werner, a married man, dealing in his whole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2010	7N	4W	20	Payette	368499	11.0000	11.00	11.00	12.50%	5.00%			11.00	11.00			
100-284	John H. Gettle and Patricia K. Gettle, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2010	7N	4W	16	Payette	368555	15.6600	15.66	15.66	12.50%	5.00%			15.66	15.66			
100-285	Dallas C. Hawker and Betty J. Hawker, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	9	Payette	368500	29.0300	29.03	29.03	12.50%	5.00%			29.03	29.03			

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100-286	Walter Colley, a widower	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	22	Payette	368501	31.0400	31.04	31.04	12.50%	5.00%			31.04	31:04			
100-287	Yvonne M. Young, a widow	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	15	Payette	368502	1.3000	1.30	1.30	12.50%	5.00%			1.30	1.30			
100-289	Merle Lingel and LaVonne Jean Lingel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/21/2010	7N	4W	3	Payette	368503	8.4500	8.45	8.45	12.50%	5.00%			8.45	8.45			
100-291	Stanley E. Nelson and Ann C. Nelson, as Co-Trustees of the Nelson Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	8/4/2010	7N	4W	9	Payette	368505	36.2500	36.25		12.50%	5.00%			36.25	36.25			
100-293	Randy Young, a married man as his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/12/2010	7N	4W	15	Payette	368507	4.0400	4.04	4.04	12.50%	5.00%			4.04	4.04			
100-294	Alan Beebe and Kay Beebe, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	15	Payette	371422	16.0000	16.00	16.00	12.50%	5.00%			16.00	16.00			
100-296	Janyce Clough, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	3	Payette	368509	9.5600	9.56	9.56	12.50%	5.00%			9.56	9.56			
100-297	Susan L. Bunce, a single woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	9	Payette	368510	4.6700	4.67	4.67	12.50%	5.00%			4.67	4.67			
100-303	Daniel D. Cook and Dorothy M. Cook, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	3	Payette	369135	1.5200	1.52	1.52	12.50%	5.00%			1.52	1.52			
100-304	Todd E. Hammon and Julie A. Hammon, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/25/2010	7N	4W	14	Payette	369136	22.0000	22.00	22.00	12.50%	5.00%			22.00	22.00			
100-305	Howard J. Fisher and Betty A. Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/27/2010	7N	4W	9	Payette	371424	13.7000	13.70	13.70	12.50%	5.00%			13.70	13.70			
100-306	Lyle Cable and Lorrie Cable, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	15	Payette		5.3100	5.31	5.31	12.50%	5.00%			5.31	5.31			
100-308	Douglas H. Smith and Silvie D. Smith, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/23/2010	7N	4W	14	Payette	371425	2.9700	2.97	2.97	12.50%	5.00%			2.97	2.97			
100-309	Daniel L. Peterson, a married man of his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	14	Payette	368553	35.6100	35.61	35.61	12.50%	5.00%			35.61	35.61			
100-310	Ramona R. Lee, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2010	8N	4W	31	Payette	369723	39.4800	39.48	39.48	12.50%	5.00%			39.48	39.48			
100-311	Jerry L. Hall and Juanita M. Hall, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2010	8N	4W	34	Payette	371426	4.4200	4.42	4.42	12.50%	5.00%			4.42	4.42			
100-312	Dean C. Anderson and Brenda J. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2010	7N	4W	3	Payette	371427	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-313	Dan Bicandi, a/k/a Daniel T. Bicandi, and Corena Bicandi, a/k/a Corena K. Bicandi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/6/2010	7N	4W	1	Payette	370988	502.8200	502.82	502.82	12.50%	5.00%			319.45	319.45			
100-314	Philip V. Pittman and Kay J. Pittman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2010	7N	4W	3	Payette	369716	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36			
100-316	Rick Van Vliet and Family Dairy, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/30/2010	7N	4W	7	Payette	371428	124.0100	124.01	124.01	12.50%	5.00%			40.00	40.00			
100-317	Charles E. Anderson, Jr. and Julie A. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/10/2010	7N	4W	4	Payette	369718	3.3400	3.34	3.34	12.50%	5.00%			3.34	3.34			
100-318	David Earl Frost and Lillian L. Frost, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/16/2010	7N	4W	16	Payette	371662	16.7900	16.79	16.79	12.50%	5.00%			16.79	16.79			
100-320	JKJ, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/2/2010	8N	4W	13	Payette	370987	173.5500	173.55	173.55	12.50%	5.00%	173.55	173.55					
100-321	Ray L. Brogan, a single man	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	9	Payette	369719	3.2300	3.23	3.23	12.50%	5.00%			3.23	3.23			
100-322	D & P Buchanan LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/24/2010	7N	4W	4	Payette	371663	50.1900	50.19	50.19	12.50%	5.00%			50.19	50.19			

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES			
100-325	Marvin C. Collinsworth and Darla S. Collinsworth, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/14/2010	7N	4W	5	Payette	369722	95.8700	95.87	95.87	12.50%	5.00%			95.87	95.87			
100-326	Eagle Island Ranch, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	10/12/2010	8N	4W	36	Payette	371429	203.0900	203.09	203.09	12.50%	5.00%			203.09	203.09			
100-327A	Myrl Haines and Christene L. Haines Family Living Trust, a trust established under the laws of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371430	167.3100	74.50	167.31	12.50%	5.00%			117.31	49.49			
100-327B	Byrl Haines, a/k/a Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371431	167.3100	74.50	0.00	12.50%	5.00%			0	49.49			
100-329	Dale G. Lisle and Jacqueline K. Lisle, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/27/2010	7N	4W	6	Payette	371433	4.4800	4.48	4.48	12.50%	5.00%			4.48	4.48			
100-333	Seven Oaks Development, LLC an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	12/3/2010	8N	5W	23	Payette	371416	42.4600	42.4600	42.46	12.50%	5.00%			42.46	42.46			
100-335	Steven L. Moser and Katie H. Moser, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	22	Payette	369134	8.9600	8.96	8.96	12.50%	5.00%			8.96	8.96			
100-336	Thomas S. Johnson and Shirley A. Johnson	Bridge Energy Inc. and Paramax Energy Inc.	8/18/2010	7N	4W	15	Payette	371423	32.3300	32.33	32.33	12.50%	5.00%			32.33	32.33			
100-337	Donald V. Smith, a single man	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	15	Payette	369173	19.0000	19.00	19.00	12.50%	5.00%			19.00	19.00			
100-700A	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/8/2010	7N	4W	24	Payette	371031	11.9300	5.97	11.93	12.50%	5.00%			11.93	5.97			
100-701A	Curt Kamo and Kathleen M. Kamo, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/24/2010	7N	4W	7	Payette	371030	5.2000	2.60	5.20	12.50%	5.00%			5.20	2.60			
100-703	D. Marc Haws and Karen I. Haws, as Co-Trustees of The D. Marc & Karen I. Haws Trust under Trust Agreement dated effective October 10, 2000	Bridge Energy Inc. and Paramax Energy Inc.	1/31/2011	7N	3W	7	Payette	372375	168.1400	168.14	168.14	12.50%	5.00%			25.14	25.14			
100-708	George M. Rogoff	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369880	0.9700	0.97	0.97	12.50%	5.00%			0.97	0.97			
100-709	Darwin L. and Gertrude A. Jenkins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369879	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-710	Lee A. and Doris Cope Brown, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369878	3.2500	3.25	3.25	12.50%	5.00%			3.25	3.25			
100-711	Robert A. and Trina M. Knott, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2011	7N	4W	7	Payette	371357	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-712A	Tracey A. Sherman and Jeff Sherman, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371835	10.2300	5.12	10.23	12.50%	5.00%			10.23	5.12			
100-712B	Tim G. Cooper, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371834		5.12	0.00	12.50%	5.00%			0.00	5.12			
100-714	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	2/4/2011	7N	4W	11	Payette	371831	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-715	Lennie P. Ahnstedt and Mary Mae Ahnstedt, Co-Trustees of the Ahnstedt Family 1998 Revocable Trust, u/t/a dated 5/27/1998.	Bridge Energy Inc. and Paramax Energy Inc.	2/16/2011	7N	4W	7	Payette	371830	51.5300	51.53	51.53	12.50%	5.00%			1.00	1.00			
100-716	Archie L. Freeman and Maria T. Freeman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2011	7N	4W	11	Payette	371979	5.5030	5.503	5.503	12.50%	5.00%			5.503	5.503			
100-717	Travis L. Fisher and Tina Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/24/2011	7N	4W	7	Payette	371833	3.2800	3.280	3.280	12.50%	5.00%			3.280	3.280			

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100-718	John T. Schneider and M. Janelle Schneider, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	371832	2.0000	2.000	2.000	12.50%	5.00%			2.000	2.000
100-719	Glenn C. Blankenship and Sherill M. Blankenship, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	372376	1.8000	1.800	1.800	12.50%	5.00%			1.800	1.800
100-722	T. Kyle and Talia N. Seaweard, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/19/2011	7N	4W	8	Payette	373310	6.7100	6.710	6.710	12.50%	5.00%			6.710	6.710
100-725	Elizabeth Nay	Bridge Energy Inc. and Paramax Energy Inc.	4/19/2011	7N	4W	8	Payette	373705	6.1800	6.180	6.180	12.50%	5.00%			6.18	6.18
100-726A	Richard M. Peterson, as Trustee of the Richard Peterson Trust under Trust Agreement dated September 4, 2001, and his substitutes and successors as Trustee.	Bridge Energy Inc. and Paramax Energy Inc.	6/2/2011	8N	4W	10	Payette	375244	40.0000	20.000	40.000	12.50%	5.00%	40.000	20.000		
100-532	O-01981 State of Idaho Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	8	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00
100-533	O-01982 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	16	Payette		520.00	520.00	520.00	12.50%	5.00%			520.00	520.00
100-534	O-01983 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	17	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00
100-535	O-01984 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	18	Payette		320.00	320.00	320.00	12.50%	5.00%			320.00	320.00
100-536	O-01985 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	21	Payette		640.00	640.00	640.00	12.50%	5.00%			640.00	640.00
100-537	O-01986 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	22	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00
100-547	O-01996 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	10	Payette		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00		
100-548	O-01997 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	16	Payette		560.00	560.00	560.00	12.50%	5.00%	560.00	560.00		
100-549	O-01998 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	32	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00
100-550	O-01999 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	36	Payette		120.00	120.00	120.00	12.50%	5.00%			120.00	120.00
														7433.17	7084.314	13522.263	12901.653

Total for Willow/Hamilton	
Gross	Net
20,955.43	19,985.96

EXHIBIT B

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

WELLS

Lease #	Wells
100-021	ML Invest 1-10, DJS 1-13, 1-14,1-15
100-083	Espino 1-2
100-221	Tracy Trust 3-2
100-044	White 1-10
100-534	Teunissen State 1-17
100-537	Korn 1-22
100-019	Island Capitol 1-19
100-018	Schwartz 1-10
100-533	Shoemaker State 1-16
100-533	Doolittle State 2-16
100-182	May 1-13

EXHIBIT D

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

NON-FOREIGN CERTIFICATE

CERTIFICATION OF NON-FOREIGN STATUS

Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a United States real property interest must withhold tax if the transferor (seller) is a foreign person. For United States tax purposes (including section 1445), the owner of a disregarded entity (which has legal title to a United States real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee (buyer) that withholding of tax is not required upon my disposition of a United States real property interest, I, _____ (the "Transferor"), hereby certify the following:

1. The Transferor is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate for purposes of United States income taxation (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. The Transferor is not a disregarded entity as defined in Treas. Reg. § 1.1445-2(b)(2)(iii);

3. The Transferor's United States social security number is _____; and

4. The Transferor's address is:

_____

_____

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete.

_____

Date: March ___, 2012

EXHIBIT E

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

ALLOCATION OF PURCHASE PRICE

EXHIBIT F

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

FORM OF NPI

STATE OF IDAHO §
§ *KNOW ALL MEN BY THESE PRESENTS:*
COUNTIES OF [GEM AND PAYETTE] §
§

CONVEYANCE OF NET PROFITS INTEREST

By and between

[ALTA MESA],
a [_____]

and

[_____]

Dated March __, 2012

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CONVEYANCE OF NET PROFITS INTEREST

This Conveyance of Net Profits Interest (this "***Conveyance***") is made, as of the date set forth on the signature page hereof, from ALTA MESA, a [_____]("***Grantor")*** to [_____]("***Grantee***").

ARTICLE I.
GRANT OF NET PROFITS INTEREST

For and in consideration of Ten Dollars ($10.00) and other good and valuable consideration to Grantor paid by Grantee, the receipt and sufficiency of which are hereby acknowledged by Grantor, Grantor has bargained, sold, granted, conveyed, transferred, assigned, set over, and delivered, and by these presents does hereby bargain, sell, grant, convey, transfer, assign, set over, and deliver unto Grantee, its successors and assigns, effective as of the Effective Time, a net profits interest (the "***Net Profits Interest***") from and affecting each of the Subject Interests and the Subject Minerals in and under and that may be produced and saved from the Subject Interests during the Net Profits Period, calculated in accordance with the provisions of Article III below and payable solely out of gross proceeds from the sale of the Subject Minerals, in an amount equal to the product of the Proceeds Percentage times the Net Profits attributable to the Subject Interests, all as more fully provided hereinbelow

TO HAVE AND TO HOLD the Net Profits Interest, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, its successors and assigns, forever, subject, however, to the following terms and provisions, to-wit:

ARTICLE II.
DEFINITIONS

As used herein, the following terms shall have the meaning ascribed to them below:

"***Affiliate***" shall mean with respect to a specified Person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" (and the correlative terms "controlling," "controlled by," and "under common control") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"***Business Day***" shall mean a day on which any bank to or from which a payment authorized hereunder may be made are not closed as authorized or required by law under the laws of the State of Texas and New York.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended.

"***Conveyance***" shall mean this Conveyance of Net Profits Interest, as the same may be amended or modified from time to time by one or more instruments executed by both Grantor and Grantee.

"***Debit Balance***" shall have the meaning given such term in Section 3.2(c).

"***Effective Time***" shall mean 7:00 a.m., local time in effect where the Subject Interests are located, on the date of this Conveyance.

"***Eligible Materials***" shall mean Materials for which amounts in respect of the cost of such Materials were properly debited to the Net Profits Account.

"***Fair Value***" shall mean, with respect to any portion of the Net Profits Interest to be released pursuant to Section 5.2 in connection with a sale or release of any Subject Interest, an amount equal to the excess of (i) the proceeds which could reasonably be expected to be obtained from the sale of such portion of the Net Profits Interest to a party which is not an Affiliate of either Grantor or the Grantee on an arms length negotiated basis, taking into account relevant market conditions and factors existing at the time of any such proposed sale or release, over (ii) Grantee's proportionate share of any sales costs, commissions and brokerage fees as agreed between Grantor and Grantee and failing agreement, "Fair Value" will be determined by an independent third party as agreed by Grantor and Grantee.

"***Farmout Agreement***" shall mean any farmout agreement, participation agreement, exploration agreement, development agreement or any similar agreement.

"***Gas***" shall mean natural gas and other gaseous hydrocarbons or minerals, including helium, but excluding any Gas Liquids.

"***Gas Liquids***" shall mean those natural gas liquids and other liquid hydrocarbons, including ethane, propane, butane and natural gasoline, and mixtures thereof, that are removed from a Gas stream by the liquids extraction process of any field facility or gas processing plant and delivered by the facility or plant as natural gas liquids.

"***Grantee***" shall mean Grantee as defined in the first paragraph of this Conveyance, and its successors and assigns; and, unless the context in which used shall otherwise require, such term shall include any successor owner at the time in question of any or all of the Net Profits Interest.

"***Grantor***" shall mean Grantor as defined in the first paragraph of this Conveyance, and its successors and assigns; and, unless the context in which used shall otherwise require, such term shall include any successor owner at the time in question of any or all of the Subject Interests.

"***Lease***" shall mean (i) the lease of one or more Minerals described in Exhibit A attached hereto as to all lands and depths described in such lease (or the applicable part or portion thereof if limited in depth and/or areal extent in Exhibit A) and any interest therein and any leasehold interest in any other lease of Minerals derived from the pooling or unitization of such lease (or portion thereof if limited on Exhibit A) with another lease of Minerals, together with any interest acquired or maintained by Grantor in any and all extensions of such lease, and (ii) any replacement lease taken upon or in anticipation of termination of such lease (if executed and delivered during the term of or within one year after the expiration of the predecessor lease), as to all lands and depths described in the predecessor lease (unless the extended or predecessor

lease is specifically limited in depth or areal extent in Exhibit A, in which event only the corresponding portion of such lease shall be considered a renewal or extension or a replacement lease subject to this Conveyance).

"***Manufacturing Costs***" shall mean the costs of Processing that generate Manufacturing Proceeds received by Grantor.

"***Manufacturing Proceeds***" shall mean the excess, if any, of (i) proceeds received by Grantor from the sale of Subject Minerals that are the result of any Processing over (ii) the part of such proceeds that represents the Market Value of such Subject Minerals before any such Processing.

"***Market Value***" of any Subject Minerals shall mean:

(a) With respect to Oil and Gas Liquids, (i) the highest price available to Grantor for such Oil and Gas Liquids at the Leases on the date of delivery pursuant to a bona fide offer, posted price or other generally available marketing arrangement from or with a non-Affiliate purchaser, or (ii) if no such offer, posted price or arrangement is available, the fair market value of such Oil and/or Gas Liquids, on the date of delivery at the Leases, determined in accordance with generally accepted and usual industry practices;

(b) With respect to Gas, (i) the price specified in any Production Sales Contract for the sale of such Gas or (ii) if such Gas cannot be sold pursuant to a Production Sales Contract, (A) the average of the three highest prices (adjusted for all material differences in quality) being paid at the time of production for Gas produced from the immediate area of the Leases in sales between non-affiliated Persons (or, if there are not three such prices within such area, within a 50-mile radius of the Leases) but, for any Gas subject to price restrictions established, prescribed or otherwise imposed by any governmental authority having jurisdiction over the sale of such gas, no more than the highest price permitted for such category or type of gas after all applicable adjustments (including without limitation tax reimbursement, dehydration, compression and gathering allowances, inflation and other permitted escalations), or (B) if subsection (b)(ii)(A) above is not applicable, the fair market value of such Gas, on the date of delivery, at the Leases, determined in accordance with generally accepted and usual industry practices.

"***Materials***" shall mean materials, supplies, equipment and other personal property or fixtures located on or used in connection with the Subject Interests.

"***Minerals***" shall mean Oil, Gas and Gas Liquids.

"***Net Proceeds***" shall mean gross proceeds from the sale of the Subject Minerals, less applicable ad valorem, production, severance, gathering and other similar taxes, less lessors' royalties, less other burdens on or deductions from the proceeds of production recorded in the public recorded and in existence created or in existence as of the Effective Time.

"***Net Profits***" shall have the meaning given such term in Section 3.2(b).

"***Net Profits Account***" shall mean the account maintained in accordance with the provisions of Section 3.1.

"***Net Profits Interest***" shall have the meaning given such term in Article I.

"***Net Profits Period***" shall mean the period from and after the Payout Date until and including the Termination Date.

"***Oil***" shall mean crude oil, condensate and other liquid hydrocarbons recovered by field equipment or facilities, excluding Gas Liquids.

"***Operating Agreement***" shall mean that certain Operating Agreement dated March __, 2012, by and between Grantor, as Operator, and [_____], as Non-Operator covering the Leases, as the same may be amended, modified or replaced from time to time.

"***Payment Period***" shall mean a calendar quarter, provided that the last Payment Period shall mean any portion of the calendar quarter during which the Termination Date occurs from the beginning of such calendar quarter until and including the Termination Date.

"***Payout Date***" shall mean the first day of the first month following the date upon which Project Payout occurs.

"***Permitted Encumbrances***" shall mean the following whether now existing or hereinafter created but only insofar as they cover, describe or relate to the Subject Interests or the lands described in the Leases:

(a) the terms, conditions, restrictions, exceptions, reservations, limitations and other matters contained in the agreements, instruments and documents that create or reserve to Grantor its interests in the Leases;

(b) any (i) undetermined or inchoate liens or charges constituting or securing the payment of expenses that were incurred incidental to maintenance, development, production or operation of the Leases or for the purpose of developing, producing or processing Minerals therefrom or therein, and (ii) materialman's, mechanics', repairman's, employees', contractors', operators' or other similar liens or charges for liquidated amounts arising in the ordinary course of business that Grantor has agreed to pay or is contesting in good faith in the ordinary course of business;

(c) any liens for taxes and assessments not yet delinquent or, if delinquent, that are being contested in good faith in the ordinary course of business;

(d) any liens or security interests created by law or reserved in any Lease for the payment of royalty, bonus or rental, or created to secure compliance with the terms of the agreements, instruments and documents that create or reserve to Grantor its interests in the Leases;

(e) any obligations or duties affecting the Leases to any municipality or public authority with respect to any franchise, grant, license or permit, and all applicable laws, rules, regulations and orders of any governmental authority;

(f) any (i) easements, rights-of-way, servitudes, permits, surface lease and other rights in respect of surface operations, pipelines, grazing, hunting, lodging, canals, ditches, reservoirs or the like, and (ii) easements for streets, alleys, highways, pipelines, telephone lines, power lines, railways and other similar rights-of-way, on, over or in respect of the lands described in the Leases, provided that, in the case of clauses (i) and (ii), such easements, rights-of-way, servitudes, permits, surface leases and other rights do not materially impair the value of the Net Profits Interest;

(g) all lessors' royalties, overriding royalties, net profits interests, carried interests, production payments, reversionary interests and other burdens on or deductions from the proceeds of production created or in existence as of the Effective Time;

(h) preferential rights to purchase or similar agreements and required third party consents to assignments or similar agreements;

(i) all rights to consent by, required notices to, filings with, or other actions by any governmental authority in connection with the sale or conveyance of the Leases or interests therein;

(j) production sales contracts; division orders; contracts for sale, purchase, exchange, refining or processing of Minerals; unitization and pooling designations, declarations, orders and agreements; operating agreements; agreements for development; area of mutual interest agreements; gas balancing or deferred production agreements; processing agreements; plant agreements; pipeline, gathering and transportation agreements; injection, repressuring and recycling agreements; salt water or other disposal agreements; seismic or geophysical permits or agreements; and any and all other agreements entered into by Grantor or its Affiliates in connection with the exploration or development of the Leases or the extraction, processing or marketing of production therefrom or to which the Leases was subject when acquired by Grantor or its Affiliates; and

(k) conventional rights of reassignment upon release or abandonment of property.

"***Person***" shall mean any individual, partnership, limited liability company, corporation, trust, unincorporated association, governmental agency, subdivision, or instrumentality, or other entity or association.

"***Possible Refundable Amounts***" shall have the meaning set forth in Section 3.1(a)(iv).

"***Proceeds Percentage"*** shall mean [six] percent [6%].

"***Processing" or "Processed***" shall mean to manufacture, fractionate or refine Subject Minerals, but such terms do not mean or include activities involving the use of normal lease or well equipment (such as dehydrators, gas treating facilities, mechanical separators, heater-treaters, lease compression facilities, injection or recycling equipment, tank batteries, field gathering systems, pipelines and equipment and so forth) to treat or condition Minerals or other normal operations on any of the Subject Interests.

"***Production Sales Contracts***" shall mean all contracts, agreements and arrangements for the sale or disposition of Subject Minerals.

"***Project Area***" shall mean the "Contract Area" as defined in the Operating Agreement.

"***Project Costs***" shall mean the actual costs incurred and paid by Grantor with respect to the Leases and wells for (i) the seismic, leasing, exploration, drilling, completion, and production of Subject Minerals including all costs for construction, installation and maintenance of associated facilities and/or gathering lines, and (ii) all other costs as provided in the Operating Agreement.

"***Project Payout***" means that point in time in which Grantor has received cumulative Net Proceeds from the sale of the Subject Minerals on and after the Effective Time equal to the cumulative Project Costs from and after the Effective Time.

"***Quarterly Record Date***" shall mean the 45th day (or the next Business Day, if the 45th day is not a Business Day) following the close of each Payment Period. The first Quarterly Record Date shall be the 45th day following the end of the first full calendar quarter after commencement of the Net Profits Period.

"***Subject Interests***" shall mean each kind and character of right, title, claim, or interest (collectively the "rights"), that Grantor has or owns in the Leases, all as such rights shall be enlarged or diminished by virtue of the provisions of Section 4.2.

"***Subject Minerals***" shall mean all Minerals in and under and that may be produced, saved, and sold from, and are attributable to, the Subject Interests during the Net Profits Period, after deducting the appropriate share of all royalties and any overriding royalties, production payments and other similar charges (except the Net Profits Interest) burdening the Subject Interests at the Effective Time, provided that, (a) there shall not be included in the Subject Minerals (i) any Minerals attributable to non-consent operations conducted with respect to the Subject Interests (or any portion thereof) as to which Grantor shall be a non-consenting party that are dedicated to the recoupment or reimbursement of costs and expenses of the consenting party or parties by the terms of the relevant operating agreement, unit agreement, contract for development, or other instrument providing for such non-consent operations (including any interest, penalty or other amounts related thereto), or (ii) any Minerals unavoidably lost in production or used by Grantor for production operations (including without limitation, fuel, secondary or tertiary recovery) conducted solely for the purpose of producing, develoing processing and transporting Subject Minerals from the Subject Interests and (b) there shall be included in the Subject Minerals any Minerals attributable to non-consent operations conducted with respect to the Subject Interests (or any portion thereof) as to which Grantor shall be a non-consenting party that are produced, saved, and sold from, and are attributable to the Subject Interests from and after the recoupment or reimbursement of costs and expenses (including any interest, penalty or other amounts related thereto) of the consenting party or parties by the terms of the relevant operating agreement, unit agreement, contract agreement, contract development, or other instruments providing for such non-consent operations.

"***Subject Well***" shall mean each well on the Subject Interests in respect of which Grantor owns any interest or is entitled to any of the Minerals production or the proceeds therefrom (whether directly or indirectly by virtue of the effect of any farmout or farmin provisions or other provisions).

"***Termination Date***" shall mean the date on which the Leases terminate.

"***Third Party***" shall mean any Person other than Grantor or Grantee.

"***Transfer***" shall mean any assignment, sale, transfer, conveyance, or disposition of any property; provided, Transfer as used herein does not include the granting of a lien or security interest in Grantor's interest in any property, including the Subject Interests or the Subject Minerals.

"Treasury Regulations" shall mean the United States federal income tax regulations promulgated under the Code.

ARTICLE III.
ESTABLISHMENT OF NET PROFITS ACCOUNT

3.1 **Net Profits Account**. Grantor shall establish and maintain a Net Profits Account at all times during the Net Profits Period, in accordance with the terms of this Conveyance. For purposes of this Section 3.1:

(a) The Net Profits Account shall be credited with an amount equal to the sum from and after commencement of the Net Profits Period with respect to each Payment Period, of the gross proceeds (determined before calculating the Net Profits) received by Grantor from the sale of all Subject Minerals; provided that:

(i) if any proceeds are withheld from Grantor for any reason (other than at the request of Grantor), such proceeds shall not be considered to be gross proceeds until such proceeds are actually received by Grantor;

(ii) if Grantor becomes an underproduced party under any Gas balancing or similar arrangement affecting the Subject Interests, then the Net Profits Account shall not be credited with any amounts for any Gas attributable to the Subject Interests that is deemed to be stored for Grantor's account under the terms of such Gas balancing arrangement, and if Grantor becomes an overproduced party under any Gas balancing or similar arrangement affecting the Subject Interests, then the Net Profits Account shall not be credited with any amount for any Gas taken by an underproduced party as "make-up" Gas that would otherwise be attributable to the Subject Interests. The Net Profits Account shall be credited with amounts received by Grantor (1) for any "make up" Gas taken by Grantor as a result of its position as an underproduced party under any Gas balancing or similar

arrangement affecting the Subject Interests, (2) as a balancing of accounts under a Gas balancing or other similar arrangement affecting the Subject Interests either as an interim balancing or at the depletion of the reservoir, and (3) for any Gas taken by Grantor attributable to the Subject Interests in excess of its entitlement share of such Gas;

(iii) if Grantor shall be a party to any non-consent operations conducted with respect to all or any of the Subject Interests from and after the Effective Time, all gross proceeds to be credited to the Net Profits Account with respect thereto shall be governed by Section 4.3;

(iv) if a controversy or possible controversy exists (whether by reason of any statute, order, decree, rule, regulation, contract, or otherwise) as to the correct or lawful sales price of any Subject Minerals, or if any amounts received or to be received by Grantor as "take-or-pay" or "ratable take" payments are subject to refund to any purchasers of Subject Minerals (in each case, such amounts together with any other gross proceeds withheld from, or repayable by, Grantor, "***Possible Refundable Amounts***"), then:

A) amounts withheld by such purchaser or deposited by it with an escrow agent shall not be considered to have been received by Grantor and shall not be credited to the Net Profits Account until actually collected by Grantor; provided, however, that the Net Profits Account shall not be credited with any interest, penalty, or other amount that is not derived from the sale of Subject Minerals; and

B) amounts received or to be received by Grantor and promptly deposited or to be deposited by it with a non-Affiliate escrow agent, to be placed in interest bearing accounts under usual and customary terms, shall not be considered to have been received by Grantor and shall not be credited to the Net Profits Account until actually disbursed to Grantor by such escrow agent; provided, however, that the Net Profits Account shall not be credited with any interest, penalty, or other amount that is not derived from the sale of Subject Minerals;

(v) gross proceeds shall not include any amount received by Grantor in respect of any production of Subject Minerals prior to commencement of the Net Profits Period;

(vi) the Net Profits Account shall not be credited with any amount that Grantor shall receive for any sale or other disposition of any of the Subject Interests or in connection with any adjustment of any well

and leasehold equipment upon unitization of any of the Subject Interests;

(vii) gross proceeds shall not include any Manufacturing Proceeds or other amounts that are reductions of debits to the Net Profits Account under the proviso of Section 3.1(b);

(viii) in the event that Subject Minerals are Processed prior to sale, gross proceeds shall include only the Market Value of such Subject Minerals before any such Processing;

(ix) the amount of gross proceeds credited to the Net Profits Account during any Payment Period shall be reduced by overpayments pursuant to Section 3.4;

(x) gross proceeds shall not include any amount to which Grantor is entitled by virtue of a judgment of a court of competent jurisdiction resolving a dispute hereunder between Grantee and Grantor in favor of Grantor, or any amount paid to Grantor in settlement of such dispute; and

(xi) gross proceeds shall not include any additional proceeds from the sale of Minerals related to any Subject Well with respect to which Grantor elects to be a participating party (whether pursuant to an operating agreement or other agreement or arrangement, including without limitation, non-consent rights and obligations imposed by statute or regulatory agency) with respect to any operation with respect to such Subject Well where another party or parties have elected not to participate in such operation (or have elected to abandon such Subject Well) and Grantor elects to pay the costs of such nonparticipating or abandoning party and as a result of which Grantor becomes entitled to receive, either temporarily (i.e., through a period of recoupment) or permanently any additional proceeds from the sale of Minerals related to such Subject Well.

(b) The Net Profits Account shall be debited with an amount equal to the sum of the following, to the extent that the same are properly allocable to the Subject Interests (and any related equipment or property used in connection therewith) and the production and marketing of Subject Minerals therefrom and have been incurred or accrued (as described below) by Grantor from and after the Payout Date and attributable to periods ending on or before the Termination Date:

(i) all costs (including capital costs and overhead charges) allocable to Grantor pursuant to the Operating Agreement or other operating agreement (if any) applicable to such Subject Interest at the time the transaction giving rise to such debit occurred; provided, further, if Grantor elects to pay the costs of a nonconsenting party

or nonparticipating party with respect to which the Net Profits Account is not credited pursuant to Section 3.1(a), such costs shall not be debits to the Net Profits Account;

(ii) all costs (including without limitation outside legal, accounting and engineering services) attributable to the Subject Interests of (A) handling, investigating and/or settling litigation, administrative proceedings and claims (including without limitation lien claims other than liens for borrowed funds) and (B) payment of judgments, penalties and other liabilities (including interest thereon), paid by Grantor (and not reimbursed under insurance maintained by Grantor or others) and involving any of the Subject Interests, or incident to the development, operation or maintenance of the Subject Interests, or requiring the payment or restitution of any proceeds of Subject Minerals, or arising from audits;

(iii) all taxes (except federal and state income, transfer, mortgage, inheritance, estate, franchise and like taxes) incurred, accrued or paid by Grantor with respect to the ownership of the Subject Interests or the extraction of the Subject Minerals, including without limitation production, severance, and/or excise and other similar taxes assessed against, and/or measured by, the production of (or the proceeds or value of production of) Subject Minerals, occupation taxes, sales and use taxes, and ad valorem taxes assessed against or attributable to the Subject Interests or any equipment used in connection with production from any of the Subject Interests and any extraordinary or windfall profit taxes that may be assessed based upon profits realized or prices received from the sale of Subject Minerals; provided, however, that if Grantee is assessed any of such taxes individually and Grantee pays such taxes, then the taxes which Grantee is assessed individually and has paid shall not be debited to the Net Profits Account;

(iv) insurance premiums attributable to the ownership or operation of the Subject Interests paid by Grantor after commencement of the Net Profits Period with respect to the Subject Interests, or any equipment located on any of the Subject Interests, or incident to the development, operation or maintenance of the Subject Interests, it being recognized that where the coverage is general in nature, or relates to a group of properties (or more than one interest in the same property), only that portion which is reasonably allocated to the Subject Interests shall be debited hereunder;

(v) all amounts paid by Grantor attributable to the Subject Interests and consisting of (A) rent and other consideration paid for the use or damage to the surface, (B) delay rentals, shut-in well payments,

minimum royalties and similar payments, (C) fees for renewals or extensions of the Leases included in the Subject Interests and (D) fees and expenses for marketing of the Subject Minerals;

(vi) if as a result of the occurrence of the bankruptcy or insolvency or similar occurrence of the purchaser of Subject Minerals any amounts previously credited to the Net Profits Account are reclaimed from Grantor or its representative, then the amounts reclaimed as promptly as practicable following Grantor's payment thereof;

(vii) if Grantor shall be a party as to any non-consent operations conducted with respect to all or any of the Subject Interests, all costs related to such non-consent operations to be debited to the Net Profits Account with respect thereto shall be governed by Section 4.3;

(viii) the costs paid or accrued by Grantor in connection with the exercise of its rights pursuant to Section 4.6;

(ix) all other direct costs paid by Grantor for the necessary or proper drilling, completion, hook up, production, operation, reworking, recompleting and maintenance of the Subject Wells and Subject Interests, and the plugging and abandoning of any Subject Wells located on the Subject Interests, abandoning of any facilities used in connection with the Subject Interests and, where applicable, restoring of the surface of the Subject Interests; and

(x) any Debit Balance carried forward pursuant to Section 3.2(c);

provided that the costs referred to in this Section 3.1(b) shall be reduced by the following amounts received by Grantor from and after commencement of the Net Profits Period: (A) any amounts received by Grantor as delay rentals, bonus, royalty or other similar payments in connection with any Farmout Agreement or for dry hole, bottom hole or other similar contributions related to the Subject Interests or otherwise, (B) upon salvage or other disposition, the applicable actual salvage value (as determined in accordance with the applicable operating agreement then in effect and binding upon Grantor) of any Eligible Materials, less, in each instance the actual costs of salvage or other disposition, (C) any cash payments received by Grantor as a result of any pooling or unitization of the Subject Interests if the costs giving rise to such payments were charged to the Net Profits Account, directly or indirectly, (D) any insurance proceeds received by Grantor in respect of the Subject Interests, Subject Minerals or Eligible Materials to the extent that the cost of such insurance was charged to the Net Profits Account, directly or indirectly, (E) any amounts received by Grantor from third parties as rental or use fees for Eligible Materials, (F) the gross proceeds of any judgments or claims received by Grantor for damages occurring on or after the commencement of the Net Profits Period to the Subject Interests (or any part thereof or interest therein) or any Materials (or any part thereof or interest therein) used in connection with the operation of the Subject Interests or any Subject Minerals,

(G) any proceeds from the sale of Eligible Materials, (H) any payments made to Grantor in connection with the drilling or deferring of drilling of any Subject Well, (I) if, from and after the commencement of the Net Profits Period, any Subject Minerals shall be Processed before sale, the excess, if any, of the Manufacturing Proceeds arising therefrom over the Manufacturing Costs of such Processing, and (J) any interest, penalty or other amount not derived from the sale of the Subject Minerals that is paid to Grantor by the purchaser of production or escrow agent in connection with Possible Refundable Amounts withheld or deposited with an escrow agent.

(c) Notwithstanding anything herein to the contrary, the amounts debited to the Net Profits Account shall not include any of the following: (A) any amount that has also been used to reduce or offset the amount of the Subject Minerals (or proceeds of production thereof) or has otherwise not been included therein (including, by way of example and without limitation, proceeds attributable to royalties, overriding royalties, production payments and other charges burdening the Subject Interests); (B) any overriding royalty, production payment or other encumbrance burdening the Subject Interests which was created by Grantor after the Effective Time; and (C) any amounts paid by Grantor (initial or a successor) to such Grantor's predecessor in interest with respect to part or all of the Subject Interests (including without limitation any purchase price or other consideration paid by Grantor to such predecessor in interest to acquire all or part of the Subject Interests).

(d) Nothing set forth in this Section 3.1 shall be interpreted or applied in any manner that shall ever require or permit any duplication of all or any part of any credit or debit (or reduction thereto) to the Net Profits Account with respect to the same transaction, item of expense or charge, under this Conveyance, or that shall ever require or permit any inclusion of any charge to the Net Profits Account that is reimbursed to Grantor by any Person.

3.2 **Accounting**.

(a) At the end of each Payment Period, a calculation of net profits shall then be made by Grantor by deducting (i) the total debits properly made to the Net Profits Account during such Payment Period pursuant to Section 3.1(b) from (ii) the total credits properly made to such Net Profits Account during such Payment Period pursuant to Section 3.1(a).

(b) If the computation made in accordance with Section 3.1(a) results in a positive amount with respect to a Payment Period (the "***Net Profits***"), then (i) that positive amount shall be subtracted from the balance of the Net Profits Account to cause the Net Profits Account to have a zero balance immediately following the end of such Payment Period, (ii) that positive amount shall be multiplied by the Proceeds Percentage to determine the Net Profits Interest and (iii) the product resulting from the calculations in Section 3.2(b)(ii) above shall be payable to Grantee as specified in Section 3.3.

(c) If the computation made in accordance with Section 3.2(a) results in a negative amount with respect to a Payment Period, the negative sum shall be deemed the "***Debit Balance***." Any Debit Balance shall be carried forward as a debit to the Net

Profits Account for the following Payment Period. If there is a Debit Balance at the end of any Payment Period, no payments shall be made to Grantee in respect of the Net Profits Interest nor shall Grantee ever be liable to make any payment to Grantor in respect of the Debit Balance.

(d) All amounts received by Grantor from the sale of the Subject Minerals for any Payment Period shall be held by Grantor in one of its general bank accounts and Grantor shall not be required to maintain a segregated account for such funds.

3.3 **Payment of Proceeds Percentage of Net Profits**. On or before the fifth Business Day following the Quarterly Record Date for each Payment Period, Grantor shall transfer or cause to be transferred to Grantee an amount in respect of the Subject Interests equal to the product of the Proceeds Percentage times the Net Profits with respect to the immediately preceding Payment Period in accordance with Section 3.2(b). All funds delivered to Grantee on account of the Net Profits Interest shall be calculated and paid entirely and exclusively out of the gross proceeds attributable to the Subject Minerals attributable to the Subject Interests.

3.4 **Overpayment**. If Grantor ever pays Grantee more than the amount of money then due and payable to Grantee under this Conveyance, Grantee shall not be obligated to return the overpayment, but Grantor may at any time thereafter reduce the gross proceeds used to calculate the Net Profits and retain for its own account an amount equal to the overpayment.

3.5 **Statements**.

(a) On each Quarterly Record Date, Grantor shall deliver to Grantee a statement showing the computation of the Net Profits and the Proceeds Percentage of the Net Profits, including gross proceeds and debits therefrom (including any reductions to such gross proceeds and/or debits), with respect to the preceding Payment Period.

(b) If Grantee takes exception to any item or items included in any quarterly statement required by Section 3.5(a), Grantee must notify Grantor in writing within one hundred and twenty (120) days after the end of each Quarterly Record Date with respect to which such statements relate. Such notice must set forth in reasonable detail the specific debits complained of and to which exception is taken or the specific credits which should have been made and allowed. Adjustments shall be made for all complaints and exceptions that are agreed to by the parties.

(c) Notwithstanding anything to the contrary herein, all matters reflected in Grantor's statements for the preceding periods that are not objected to by Grantee in the manner provided by this Section 3.5(b) shall be deemed correct as rendered by Grantor to Grantee.

3.6 **Information/Access**.

(a) Grantor shall maintain true and correct books, records, and accounts of (i) all transactions required or permitted by this Conveyance and (ii) the financial information necessary to effect such transactions, including the financial information needed to calculate the Net Profits with respect to any Payment Period.

(b) Grantee or its representative, at the Grantor's expense, may inspect and copy such books, records, and accounts in the offices of Grantor during normal business hours and upon reasonable notice.

ARTICLE IV.
OPERATION OF THE SUBJECT INTERESTS

4.1 **Operations Standard**. It is the express intent of Grantor and Grantee that the Net Profits Interest shall constitute (and this Conveyance shall conclusively be construed for all purposes as creating) a single, separate non-operating right with respect to the Subject Interests. Without limitation of the generality of the immediately preceding sentence, Grantor and Grantee acknowledge that Grantee has no right or power to participate in the selection of a drilling contractor, to propose the drilling of a well, to determine the timing or sequence of drilling operations, to commence or shut down production, to take over operations, or to share in any operating decision whatsoever. Grantor and Grantee hereby expressly negate any intent to create (and this Conveyance shall never be construed as creating) a mining or other partnership or joint venture or other relationship subjecting Grantor and Grantee to joint liability. Nothing contained in this Conveyance shall be deemed to prevent or restrict Grantor from electing not to participate in any operations that are to be conducted under the terms of any operating agreement, unit operating agreement, contract for development, or similar instrument affecting or pertaining to the Subject Interests (or any portion thereof) and permitting consenting parties to conduct non-consent operations thereon if a reasonable and prudent operator, acting in conformity with sound field practices, would make such elections.

4.2 **Pooling and Unitization**. Grantor shall have the right to pool or unitize all or any of the Leases as to any one or more of the formations or horizons thereunder, and as to any of the Subject Minerals, when, in the reasonable judgment of Grantor, it is necessary or advisable to do so in order to form a drilling or proration unit to facilitate the orderly development of the Subject Interests or to comply with the requirements of any law or governmental order or regulation relating to the spacing of wells or proration of the production therefrom. For purposes of computing the Net Profits, there shall be allocated to the Subject Interests included in such unit a pro rata portion of the Minerals produced from the pooled unit on the same basis that production from the pool or unit is allocated to other working interests in such pool or unit. The interest in any such unit attributable to the Subject Interests (or any part thereof) included therein shall become a part of the Subject Interests and shall be subject to the Net Profits Interest in the same manner and with the same effect as if such unit and the interest of Grantor therein were specifically described in Exhibit A to this Conveyance.

4.3 **Non-Consent**. If Grantor elects to be a non-participating party (whether pursuant to an operating agreement or other agreement or arrangement, including without limitation, non-consent rights and obligations imposed by statute or regulatory agency) with respect to any operation on any Subject Interest or elects to be an abandoning party with respect to a Subject Well located on any Subject Interest, the consequence of which election is that Grantor's interest in such Subject Interest or part thereof is temporarily (*i.e.,* during a recoupment period) or permanently forfeited to the parties participating in such operations, or electing not to abandon such Subject Well, then the costs and proceeds attributable to such forfeited interest shall not, for the period of such forfeiture (which may be a continuous and permanent period), be debited or

credited to the Net Profits Account and such forfeited interest shall not, for the period of such forfeiture, be subject to the Net Profits Interest.

4.4 **Marketing/Hedges**. As between Grantor and Grantee, Grantor shall have exclusive charge and control of the marketing of all Subject Minerals allocable to the Net Profits Interest. Grantor shall market the Subject Minerals allocable to the Net Profits Interest in the same manner that it markets its Subject Minerals.

4.5 **Amendment of Leases**. Grantor shall have the unrestricted right to renew, extend, modify, amend, or supplement the Leases with respect to any of the lands covered thereby in any particular without the consent of Grantee; provided, that the Net Profits Interest shall apply to all renewals, extensions, modifications, amendment, supplements and other similar arrangements (and/or interests therein) of the Leases, whether or not such renewals, extensions modifications, amendment, supplements or arrangements have heretofore been obtained, or are hereafter obtained, by Grantor and no renewal, extension, modification, amendment, or supplementation shall adversely affect any of Grantee's rights hereunder, including, without limitation, the amount, computation, or method of payment of the Net Profits Interest; *provided* further that any fees payable with respect to such renewal, extension, modification, amendment or supplementation may be debited to the Net Profits Account pursuant to Section 3.1(b).

4.6 **Abandonment**. Grantor shall have the right without the joinder of Grantee to release, surrender and/or abandon its interest in the Subject Interests, or any part thereof, or interest therein even though the effect of such release, surrender or abandonment will be to release, surrender or abandon the Net Profits Interest the same as though Grantee had joined therein insofar as the Net Profits Interest covers the Subject Interests, or any part thereof or interest therein, so released, surrendered or abandoned by Grantor; provided, however, that Grantor shall not release, surrender or abandon any Subject Interest unless and until Grantor has determined (acting like a reasonably prudent operator region with respect to its own properties, without regard to the existence of the Net Profits Interest) that such Subject Interest will no longer produce Subject Minerals in paying quantities. Grantor shall have an unequivocal right to abandon the Subject Interests, or any part thereof if such abandonment is necessary for health, safety or environmental reasons, or the Subject Minerals that would have been produced from the abandoned Subject Interests would otherwise be produced from Subject Wells located on the remaining Subject Interests.

4.7 **Contracts with Affiliates**. Grantor or its Affiliates may perform services and furnish supplies and/or equipment with respect to the Subject Interests that are required to operate the Subject Interests in accordance with the operations standard set forth in Section 4.1 hereof and debit the Net Profits Account for the costs of such services and/or furnishing of such supplies and/or equipment, *provided* that the terms of the provision of such services or furnishing of supplies and/or equipment shall not be less favorable than those terms available from non-Affiliates in the area engaged in the business of rendering comparable services or furnishing comparable equipment and supplies, taking into consideration all such terms, including the price, term, condition of supplies or equipment, availability of supplies and/or equipment, and all other terms.

ARTICLE V.
RELEASE & TRANSFERS OF SUBJECT INTERESTS/SUBJECT WELLS

5.1 **Assignment by Grantor Subject to Net Profits Interest**.

(a) To the extent Grantor is otherwise entitled to do so, including without limitation in compliance with the terms of the Lease, Grantor may from time to time Transfer, mortgage, or pledge the Subject Interests, or any part thereof or undivided interest therein, subject to the Net Profits Interest and this Conveyance.

(b) Any Transfer of the Subject Interests, or any part thereof or undivided interest therein, by Grantor pursuant to this Section 5.1, provided such transferee of Grantor assume all obligations, requirements, and responsibilities of Grantor arising under this Conveyance with respect to the property Transferred.

(c) Grantee, in its sole discretion, may elect (i) to not receive any share of the sales proceeds received by Grantor in any transaction permitted by this Section 5.1, or (ii) exercise its put option set forth in Section 5.2.

(d) For purposes of computing Net Profits from and after the effective date of any Transfer pursuant to this Section 5.1 in which Grantee elected not to receive any share of the sales proceeds, the Transfer shall be disregarded; *provided however*, that the debits and credits to the Net Profits Account during each Payment Period in respect of the Subject Interests Transferred shall reflect items received or incurred by the transferee, such items to be computed in accordance with the provisions of Article III hereof.

5.2 **Call Rights**.

(a) In the event Grantor sells all, but not less than all, of Grantor's interest in the Subject Leases to a third party, Grantor may elect to cause Grantee to sell all of the Net Profits Interest for consideration equal to the greater of (i) Fair Value or (ii) on substantially the same terms that Grantor is receiving proportionately reduced to Grantee's net revenue interest. Pursuant to such election Grantor shall remit such consideration on the earlier of the date that Grantor consummates the sale of its interest or 30 days of the determination of the Fair Value of the Net Profits Interest.

(b) In connection with any Transfer provided for in this Section 5.2, Grantee shall, on request, execute, acknowledge, and deliver to Grantor a recordable instrument (reasonably acceptable to Grantor) that releases the Net Profits Interest.

5.3 **Farmouts**.

(a) Grantor may from time to time enter into Farmout Agreements with a Third Party with respect to a Subject Interest. In the event that Grantor enters into any Farmout Agreement with a Third Party, the Net Profits Interest and this Conveyance shall burden only Grantor's retained interest in the Subject Interest after giving effect to any interest in the Subject Interest that a counterparty to the Farmout Agreement may earn under such Farmout Agreement.

(b) In connection with Grantor entering into any Farmout Agreement, Grantee shall, upon request, execute, acknowledge, and deliver to Grantor a recordable instrument (reasonably acceptable to Grantor) that releases the Net Profits Interest and this Conveyance with respect to the Subject Interests being Transferred pursuant to such Farmout Agreement; provided, the Net Profits Interest shall continue to burden the Subject Interest retained by Grantor.

5.4 Assignment by Grantee, Preferential Right of First Purchase. Grantee may Transfer all of the NPI Interest to an Affiliate of Grantee. Should Grantee desire at any time to Transfer its NPI to a Non-Affiliate ("***Subject NPI***"), Grantee shall provide to Grantor with the terms and condition of such sale, including without limitation, the total cash consideration (or cash equivalent amount of consideration) and prospective purchaser for Grantee's proposed sale ("***Proposed Terms***"). Within thirty (30) days of receipt of such offer, Grantor may elect in writing to purchase the Subject NPI on the Proposed Terms in which case Grantor shall have fifteen (15) days from expiration of the original thirty (30) days to complete the Transfer. If Grantor (i) fails to notify Grantee within the original thirty (30) day period of its election or (ii) notifies Grantee of its election not to purchase the Subject NPI or (iii) fails to timely complete the acquisition of the Subject NPI within the subsequent fifteen (15) day period, then Grantee may sell the Subject NPI at any time within the following ninety (90) days to any third party for a sales price greater than the Proposed Terms.

5.5 Change in Ownership. No change of ownership or right to receive payment of the NPI, or of any part thereof, shall be binding upon Grantor until notice thereof shall have been furnished by the Person claiming the benefit thereof, and then only with respect to payments thereafter made. Notice of sale or assignment shall consist of a copy of the recorded instrument accomplishing the same. Until such notice shall have been furnished to Grantor as provided above, the payment or tender of all sums payable on the NPI may be made in the manner provided herein precisely as if no such change in interest or ownership or right to receive payment had occurred.

5.6 Assignments. Subject in all respects to ***Section 5.01,*** no disposition of the Subject Interests or any portion thereof or any well or wells comprising a unit or any portion thereof by Grantor shall be effected unless and until it is made expressly subject to the provisions of this Conveyance and unless the Person to whom same is disposed expressly assumes all of the obligations of its transferor, in a document delivered to Grantee, to the extent that same are attributable to the period from and after the date on which the disposition in question occurs.

ARTICLE VI.
OWNERSHIP OF PROPERTY; LIABLITY OF GRANTEE; NO RIGHT OF OPERATIONS BY GRANTEE

6.1 **Ownership of Certain Property**. The Net Profits Interest does not include any right, title, or interest in and to any personal property, fixtures, or equipment and is exclusively an interest in and to the Minerals in and under and produced and saved from the Subject

Interests, and Grantee shall look solely to the Subject Minerals and payments in respect thereof (as provided herein) for the satisfaction and realization of the Net Profits Interest.

6.2 **No Personal Liability**. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS CONVEYANCE, GRANTEE SHALL NEVER PERSONALLY BE RESPONSIBLE FOR PAYMENT OF ANY PART OF THE COSTS, EXPENSES OR LIABILITIES INCURRED IN CONNECTION WITH THE EXPLORING, DEVELOPING, OPERATING AND MAINTAINING OF THE SUBJECT INTERESTS; PROVIDED, HOWEVER, ALL SUCH COSTS AND EXPENSES SHALL, TO THE EXTENT THE SAME RELATE TO ACTS, OMISSIONS, EVENTS, CONDITIONS OR CIRCUMSTANCES OCCURRING FROM AND AFTER THE LOAN REPAYMENT DATE, NEVERTHELESS BE CHARGED AGAINST THE NET PROFITS ACCOUNT AS AND TO THE EXTENT HEREIN PERMITTED.

6.3 **No In-Kind Rights**. Grantee shall have no right to take in kind any Subject Minerals allocable to the Net Profits Interest.

ARTICLE VII.
WARRANTY AND NEGATIVE COVENANT

7.1 **Warranty**. Grantor agrees to warrant and forever defend, all and singular, the Net Profits Interest unto Grantee, its successors and assigns, against all persons whomsoever claiming or to claim the same, or any part thereof, by, through or under Grantor, but not otherwise, subject to the Permitted Encumbrances. Grantor also hereby transfers to Grantee by way of substitution and subrogation (to the fullest extent that same may be transferred), all rights or actions over and against all predecessor (other than Affiliates of Grantor) covenantors or warrantors of title.

7.2 **Senior Obligation**. Grantor agrees that it shall cause each agreement, indenture, bond, deed of trust, filing, application or other instrument that creates or purports to create a lien, mortgage, security interest or other charge secured by the Subject Interests, Subject Minerals or the proceeds from the sale of the Subject Minerals that is entered into on or after the date hereof to include an express agreement and acknowledgement by the parties thereto that the Net Profits Interest is senior in right of payment and collection to any and all obligations created thereby in respect of the Subject Interests, Subject Minerals or the proceeds from the sale of the Subject Minerals other than the Loan.

ARTICLE VIII.
MISCELLANEOUS

8.1 **Notices**. All notices and other communications required or permitted under this Conveyance shall be in writing and, unless otherwise specifically provided, shall be delivered personally, by electronic transmission, by registered or certified mail, postage prepaid, or by delivery service for which a receipt is obtained (except for quarterly statements provided for under Section 3.5 above which may be sent by regular mail), at the respective addresses of Grantor and Grantee shown below, and shall be deemed delivered on the date of receipt. Either party may specify his proper address or any other post office address within the continental

limits of the United States by giving notice to the other party, in the manner provided in this Section, at least fifteen (15) days prior to the effective date of such change of address. For purposes of notice, the addresses of Grantor and Grantee shall be as follows:

If to Grantor: [Alta Mesa]
15021 Katy Freeway, Suite 400
Houston, Texas 77094
Attn: F. David Murrell
Vice President Land
Phone: 281.530.0991
Facsimile: 281.530.5278

If to Grantee: [_____]
[ ]
[ ]
[ ]
Attention: [ ]

8.2 **Payments**. Grantor shall transfer or cause to be transferred all monies to which Grantee is entitled hereunder by Federal funds wire transfer not later than the date when due, to Grantee at the bank account specified by Grantee in writing to Grantor.

8.3 **Amendments**. This Conveyance may not be amended, altered, or modified except pursuant to a written instrument executed by Grantor and Grantee.

8.4 **Further Assurances**. Grantor and Grantee shall from time to time do and perform such further acts and execute and deliver such further instruments, conveyances, and documents as may be required or reasonably requested by the other party to establish, maintain, or protect the respective rights and remedies of Grantor and Grantee and to carry out and effectuate the intentions and purposes of this Conveyance, provided in each case the same does not conflict with any provision of this Conveyance.

8.5 **Waivers**. The failure of Grantor or Grantee to insist upon strict performance of any provision hereof shall not constitute a waiver of or estoppel against asserting the right to require such performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise.

8.6 **No Partition**. Subject to the right to make partial Transfers of the Net Profits Interest, Grantor and Grantee acknowledge that Grantee has no right or interest that would permit Grantee to partition any portion of the Subject Interests, and Grantee hereby waives any such right.

8.7 **Governing Law**. THIS CONVEYANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS UNLESS THE REAL PROPERTY LAWS OF THE STATE IN WHICH THE SUBJECT INTERESTS ARE LOCATED ARE MANDATORILY APPLICABLE, AND THEN ONLY TO THE EXTENT OF SUCH MANDATORY APPLICATION.

8.8 **Rule Against Perpetuities**. It is not the intent of Grantor or Grantee that any provision herein violate any applicable law regarding the rule against perpetuities, the suspension of the absolute power of alienation, or other rules regarding the vesting or duration of estates, and this Conveyance shall be construed as not violating any such applicable law to the extent the same can be so construed consistent with the intent of the parties. In the event, however, that any provision hereof is determined to violate any such applicable law, then such provision shall nevertheless be effective for the maximum period (but not longer than the maximum period) permitted by any such applicable law that will result in no violation. To the extent such maximum period is permitted to be determined by reference to "lives in being", Grantor and Grantee agree that "lives in being" shall refer to the lifetime of the last to die of the now living lineal descendants of George Herbert Walker Bush, the Forty First President of the United States of America.

8.9 **Tax Matters**.

(a) Nothing herein contained shall be construed to constitute a partnership or to cause either party hereto (under state law or for tax purposes) to be treated as being the agent of, or in partnership with, the other party. In addition, the parties hereto intend that the Net Profits Interest conveyed hereby to Grantee shall at all times be treated as an incorporeal (*i.e.*, a non-possessory) interest in real property or land under the laws of the state in which the Subject Interests are located, and an economic interest (as such term is defined in section 1.611-1(b) of the Treasury Regulations) which is a nonoperating interest therein payable out of net profits (rather than as a working or operating interest).

(b) Grantor may cause to be withheld from any payment hereunder any tax withholding required by law or regulations, including, in the case of any withholding obligation arising from income that does not give rise to any cash or property from which any applicable withholding tax could be satisfied, by way of set off against any subsequent payment of cash or property hereunder.

8.10 **Counterparts**. If any Subject Interests are located in more than one county, the description of such Subject Interests may be included in any one or more counterparts prepared for recordation in separate counties, but the inclusion of the same property description in more than one counterpart of this Conveyance shall not be construed as having effected any cumulative, multiple, or overlapping interest in the Subject Interests in question.

8.11 **Binding Effect**. All the covenants and agreements of Grantor herein contained shall be deemed to be covenants running with Grantor's interest in the Subject Interests and the lands affected thereby. All of the provisions hereof shall inure to the benefit of Grantee and its successors and assigns and shall be binding upon Grantor and its successors and assigns and all other owners of the Subject Interests or any part thereof or any interest therein.

8.12 **Termination of Leases**. In the event the Leases or Subject Interest (or portion thereof, as applicable) should be released, surrendered or abandoned by Grantor pursuant to Section 4.1, the Net Profits Interest no longer shall apply to the Leases or Subject Interest (or such portion thereof, as applicable), but the Net Profits Interest shall remain in full force and effect and undiminished as to all remaining Subject Interests (and the remainder portion of such

Subject Interest, as applicable). Upon termination of the Net Profits Interest, as above provided, upon request by Grantor, Grantee shall, at Grantee's expense, execute and deliver such instrument or instruments as may be necessary to evidence the termination of the Net Profits Interest.

[signature pages to follow]

EXECUTED effective for all purposes as of the Effective Time.

GRANTOR:

[Alta Mesa]

By:_____
Name:_____
Title:_____

GRANTEE:

[_____]

By:_____
Name:_____
Title:_____

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of **[_____, 20__]** by _____, the _____ of **[_____]**, a **[_____]**.

[Seal]

_____
Notary Public
My Commission Expires:

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of **[_____, 20__]** by _____, the _____ of **[_____]**, a **[_____]**.

[Seal]

_____
Notary Public
My Commission Expires:

EXHIBIT A

SUBJECT INTERESTS

EXHIBIT G

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

DISCLOSURES

EXHIBIT H

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

FORM OF PARICIPATION AGREEMENT

PARTICIPATION AGREEMENT
Willow Hamilton Filed
Gem and Payette Counties, Idaho

THIS PARTICIPATION AGREEMENT ("Agreement") is made and entered into on February 14, 2012, by and between **Bridge Resources, Corp./Newco**, whose address is 1580 Lincoln Street, Suite 1110, Denver, Colorado ("Bridge") and **Alta Mesa Holdings, LP**, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("AMH"). Bridge and AMH may sometimes be referred to as "Party" or collectively as the "Parties".

WHEREAS, Bridge is the present owner and holder of an undivided 35.0% working interest and AMH is the present owner and holder of an undivided 65% working interest in and to those certain Oil and Gas Leases described in EXHIBIT A attached hereto (the "Leases") covering the lands depicted on EXHIBIT B attached hereto (the "Lands"); and

WHEREAS, AMH is the operator of those wells located on the Lands described in EXHIBIT C attached hereto, which wells have been tested but are not yet producing pending construction of gathering lines, pipeline tie-ins, and related facilities (the "Tested Wells"); and

WHEREAS, Bridge and AMH wish to collectively participate in the production and sale of oil and/or gas from the Tested Wells and the drilling of subsequent wells on the Leases and Lands for the production of oil and/or gas (the "Project").

NOW, THEREFORE, in consideration of ten dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter contained, it is hereby agreed by and between BRIDGE and AMH as follows:

1. **PARTICIPATION**: Contemporaneously, with the execution of this Agreement, Bridge shall provide to AMH written notice of whether or not it elects to participate for its proportionate share (14%) of the estimated costs to construct gathering lines and related facilities and equipment necessary for the purposes of producing and selling oil and/or gas from the Tested Wells (collectively the "Pipeline") as set forth in the Authority for Expenditures attached hereto as EXHIBIT D, which estimated costs include, without limitation, rights-of way, surface damages, permits, pipe and construction.

(A) In the event Bridge elects to participate for its proportionate share of the costs to construct the Pipeline, Bridge shall contemporaneously with its election tender to AMH the amount of Two Million Two Hundred Seventy-Five Thousand and No/Dollars ($2,275,000), which amount represents Bridge's proportionate share (14%) of the estimated costs to construct the Pipeline.. Thereafter, AMH shall pay its proportionate share (86.0%) of all costs incurred by the Parties associated with the Project and Bridge shall pay its proportionate share (35%) of all costs incurred by the Parties associated with the Project in accordance with the terms of the Operating Agreement (as hereinafter defined).

(B) In the event Bridge elects to sell to AMH an additional 7% working interest to AMH, in consideration AMH shall pay for the remaining working interest share attributable to Bridge's proportionate share of the costs to construct the Pipelines; and AMH shall pay for 93% share of all

costs incurred by the parties associated with the Project and shall own an 82.5% working interest share of the Project, including, without limitation, the Leases, Lands, Test Wells, and Pipeline and Facilities; and ii) Bridge shall pay its proportionate share 17.5% of all costs incurred by the parties associated with the Project and shall own a 7% working interest share of the Project, including, without limitation, the Leases, Lands, Test Wells, and Pipeline and Facilities. Thereafter, AMH shall pay its proportionate share (93%) of all costs incurred by the Parties associated with the Project and Bridge shall pay its proportionate share (7%) of all costs incurred by the Parties associated with the Project in accordance with the terms of the Operating Agreement.

(C) By execution of this Agreement, the Parties obligate themselves to use commercially reasonable efforts to construct the Pipeline and attempt to produce the Test Wells and, except as otherwise set forth in 1(B) above, each Party shall pay its proportionate share of all costs related thereto.

2. **OPERATING AGREEMENT/OPERATIONS**: Simultaneously with the execution of this Agreement, Bridge and AMH shall execute the Operating Agreement attached hereto as EXHIBIT E (the "Operating Agreement"), which Operating Agreement shall reflect the interests of the Parties in accordance with the Bridge's election as set forth in Section 1, above. The Operating Agreement shall govern all operations on the Leases, Lands, Test Wells, Project and/or Pipeline. AMH shall be named as the Operator in the Operating Agreement and shall be the Operator for all operations on the Project, including, but not limited to, any additional land or lease activities, pursuant and subject to the terms of the Operating Agreement and this Agreement. AMH shall perform its duties as Operator under this Agreement and the Operating Agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with general industry standards, and in compliance with applicable laws and regulations, but in no event shall it have any liability as Operator to Bridge or it's affiliates, directors, shareholders, officers, employees, agents and contractors for losses sustained or liabilities incurred except such as may result from its gross negligence or willful misconduct.

3. **EXPLORATION AND DEVELOPMENT OF THE PROJECT**: The Parties agree to endeavor to mutually plan the exploration and development of the Project. Except as otherwise set forth herein, all operations shall be proposed under the Operating Agreement and each Party shall timely elect whether or not to participate in and pay for its proportionate share of all costs relating thereto; provided however, that Bridge shall not be invoiced for any costs relating to the design and implementation of the Parties' proposed 3D seismic shoot, until such time as Bridge has received its proportionate share of the first months proceeds from the sale of oil and/or gas from the Tested Wells. In the event AMH conducts the proposed 3D seismic shoot on the Lands and Leases, Bridge shall tender to AMH its proportionate share of all costs relating thereto within thirty (30) days of its receipt of an invoice therefor. In the event Bridge fails to timely pay the invoiced amounts relating to the 3D seismic shoot, Bridge shall be deemed to have forfeited its rights in and to the 3D seismic, Leases and Lands and shall immediately assign to AMH all of its right, title and interest in and to the 3D seismic, Leases and Lands, SAVE AND EXCEPT the wellbores of the Tested Wells and all production therefrom.

4. **INTERESTS OF THE PARTIES**: Except as otherwise specifically provided in this Agreement, all costs and liabilities incurred in operations under the terms of this Agreement and/or the Operating Agreement shall be borne by the Parties as set forth in the Operating Agreement, and all information and data generated during the term of this Agreement, all equipment and materials acquired, and all production of oil and gas from the Project shall be owned by the Parties as set forth in the Operating Agreement.

5. **ACQUISITIONS OF ADDITIONAL OIL AND GAS INTERESTS**: In the event either Party hereafter acquires, either directly or indirectly, oil and gas leases, oil and gas lease options, farmouts, seismic options, seismic permits, fee mineral interests or other interests in oil, gas and other minerals (collectively "Oil and Gas Interests") covering the Lands, the acquiring Party shall give written notice of the acquisition to the other Party within thirty (30) days after the acquisition of such interests. The notice shall include copies of all instruments of conveyance, paid drafts or checks, itemized invoices of the actual costs incurred, burdens and obligations and other available information concerning the acquisition. The non-acquiring Party shall have the option, but not the obligation, to participate for its proportionate share of the acquired Oil and Gas Interests by giving written notice thereof and paying to the acquiring Party its proportionate share of all acquisition costs within thirty (30) days after receipt of notice of the acquisition and, upon receipt of such payment, the acquiring Party shall deliver an assignment to the other Party of its proportionate share of the acquired Oil and Gas Interests in the same form as the assignment attached hereto as Exhibit F. Thereafter, the acquired Oil and Gas Interests shall be added to the appropriate exhibit to the Operating Agreement and be governed by the provisions thereof. In the event the non-acquiring Party elects not to participate in the acquisition of Oil and Gas Interests, or fails to timely give written notice of its election to participate and pay to the acquiring Party its proportionate share of all acquisition costs relating thereto, the non-acquiring Party shall have no interest in the acquired Oil and Gas Interests. Notwithstanding anything herein to the contrary, the provisions set forth herein shall not apply to any acquisitions which result from acts of merger, consolidation, reorganization with, by or between a parent company, subsidiary or affiliated corporation or the acquisition by a Party hereto of the interest of the other Party hereto.

6. **CONFIDENTIALITY**: The Parties agree that any and all data relating to the Project, including, but not limited to, leasehold information and geological and/or geophysical data and analysis, shall be deemed confidential and proprietary information that is competitively sensitive ("Confidential Information"). Except as provided below, and except as to Confidential Information which is or becomes available in the public domain, Confidential Information which the Parties are legally compelled to disclose and Confidential Information required by a regulatory agency or securities exchange agency to which a Party is subject, the parties agree, during the terms of this Agreement and/or the Operating Agreement, to: (1) treat each and every item of Confidential Information as confidential, using the highest standard of care in the maintenance, storage and handling thereof; (2) not disclose Confidential Information, or any part thereof to any other party, except as may be expressly authorized below; (3) use the Confidential Information solely for the purposes of conceiving and defining development of the Project that will be pursued in accordance with this Agreement and/or the Operating Agreement; and (4) not use the Confidential Information

or any part thereof for any purpose other than as may be expressly authorized in this Agreement and/or the Operating Agreement.

Notwithstanding the foregoing, Confidential Information may be disclosed to: (1) employees and officers of the Parties under circumstances where such employees and officers have been made aware of the confidential nature of the Confidential Information and the obligation to maintain its confidentiality; (2) employees and officers of any company in which either of the Parties owns more than 50% of the outstanding stock, or any company who owns more than 50% of the outstanding stock of either of the Parties; (3) any professional consultant retained by either of the Parties who will evaluate the Confidential Information for the purposes authorized in this Agreement and/or the Operating Agreement; (4) any financial institution offering debt or equity financing to either of the Parties, and any professional consultant retained by such financial institution for the purpose of evaluating the Confidential Information; and (5) any bona fide prospective purchaser of all or any portion of the interest of either of the Parties in the Project.

7. **NOTICE:** Any notice or other communication required or permitted hereunder shall be deemed to have been properly given or delivered when delivered personally or when sent by certified mail or facsimile, with all postage or charges fully prepaid as follows:

BRIDGE

AMH

The date of service by mail shall be the date on which such written notice or other communication is received. Each Party hereto shall have the right to change its address by notifying the other Party in writing.

8. **TERM OF AGREEMENT**: This Agreement shall remain in full force and effect for so long as the Operating Agreement remains effective as to any of the Leases, Lands and/or acquired Oil and Gas Interests in which both Parties elected to participate.

9. **NO RESTRICTIONS ON ASSIGNMENT**: Either Party may assign all or a part of its interest under this Agreement to one or more third parties, which assignee(s) shall then be subject to this Agreement and the Operating Agreement, and shall be deemed to have assumed the assigning party's obligations pursuant to this Agreement and the Operating Agreement proportionate to their assigned interests.

10. **MISCELLANEOUS**:

(A) This Agreement is not intended to create and shall not be construed as creating a partnership or joint venture between the Parties under the laws of the State of Idaho, but the respective rights and obligations of the Parties hereto shall in all respects be several and be governed by the express provisions hereof. The Parties agree that they do not have, and hold each other harmless from and against, any claims (present and future) for, any fiduciary or other duties to the

other that would in any manner arise from any claim that the relation between them is that of co-partners, partners, joint venturers or other similar form of relation, irrespective of how nominated.

(B) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Idaho, without regard to conflicts of laws principles thereof, and shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors, and assigns. Venue for all causes of action arising hereunder shall be in Payette County, Idaho.

(C) In case any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, any other provisions in this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein. Such invalid, illegal or unenforceable provisions shall be given effect to the maximum extent then permitted by law.

(D) Each of the Parties hereto shall, at any time and from time to time after the date hereof, upon request by the other Party and without further consideration, execute and deliver such instruments of transfer or other documents and take such further action as may be reasonably required in order to effectuate and consummate the transactions contemplated hereby.

(E) Except as otherwise expressly set forth in this Agreement, no person or entity not a party to this Agreement shall have rights under this Agreement as a third party beneficiary or otherwise.

(F) This Agreement, together with any exhibits, attachments or documents executed in connection herewith, supersedes any and all prior or contemporaneous understandings, statements, representations, warranties and agreements, whether written or oral, between the Parties relating to the subject matter hereof. In the event of any conflict between the provisions of this Agreement and any exhibit, attachment or document executed in connection herewith, this Agreement shall control. Any amendments to this Agreement shall be in writing and executed by the Parties.

(G) This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A facsimile, telegraphic or any other form of authenticated electronic signature shall be effective in all respects as an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BRIDGE

_____

By:

Its:

AMH

_____

By:
Its:

EXHIBIT A Leases
EXHIBIT B Lands
EXHIBIT C Tested Wells
EXHIBIT D AFE
EXHIBIT E Operating Agreement
EXHIBIT F Assignment of Oil and Gas Interests

EXHIBIT I

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and [Alta Mesa]

FORM OF EXPLORATION AGREEMENT

EXPLORATION AGREEMENT
Payette Area
Payette, Gem, and Washington Counties, Idaho, and Malheur County, Oregon

THIS PARTICIPATION AGREEMENT ("Agreement") is made and entered into on February 14, 2012, by and between **Bridge Resources, Corp.**, whose address is 1580 Lincoln Street, Suite 1110, Denver, Colorado ("Bridge") and **Alta Mesa Holdings, LP**, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("AMH"). Bridge and AMH may sometimes be referred to as "Party" or collectively as the "Parties".

WHEREAS, Bridge is the present owner and holder of an undivided 100% working interest in and to those certain oil and gas leases described in EXHIBIT A attached hereto (the "Leases") covering the lands depicted on EXHIBIT B attached hereto (the "Lands"); and

WHEREAS, Bridge and AMH wish to collectively participate in the exploration and development of the Leases, Lands and other lands within the AMI Area (as hereinafter defined) for the production and sale of oil and/or gas (the "Project").

NOW, THEREFORE, in consideration of ten dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter contained, it is hereby agreed by and between BRIDGE and AMH as follows:

1. **CONSIDERATION AND PARTICIPATION**: On or before March 20, 2012, Bridge shall assign to AMH an undivided 85% of 8/8ths working interest in and to the Leases and all other rights related thereto, including, without limitation, rights-of-way, surface rights, equipment, and contracts, in the form of assignment attached hereto as Exhibit C (the "Assignment"). As consideration for the Assignment, AMH shall commence an exploration program on the Project to identify, explore and develop Prospects (as hereinafter defined), which exploration program shall include the acquisition of seismic and other data, lease acquisitions, drilling and other activities relating to the Project. AMH shall bear and be responsible for one hundred percent (100%) of all costs and expenses associated with the Project until such time as such costs and expenses equal eight million and 00/100 dollars ($8,000,000.00), after which AMH shall pay its proportionate share (85%) of all costs incurred by the Parties associated with the Project and Bridge shall pay its proportionate share (15%) of all costs incurred by the Parties associated with the Project in accordance with the terms of the Operating Agreement (as hereinafter defined). In the event AMH has not incurred $8,000,000.00 in costs and expenses associated with the Project on or before eighteen (18) months following the date of this Agreement, AMH shall tender to Bridge 15% of the amount equal to the difference between $8,000,000.00 and the actual costs incurred by AMH as of 18 months following the date of this Agreement.

2. **OPERATING AGREEMENT/OPERATIONS**: Simultaneously with the execution of this Agreement, Bridge and AMH shall execute the Operating Agreement attached hereto as EXHIBIT D (the "Operating Agreement"). Except as otherwise set forth herein, the Operating Agreement shall govern all operations on the Project. AMH shall be named as the Operator in the Operating Agreement and shall be the Operator for all operations on the Project, including, but not limited to,

any additional land or lease activities, pursuant and subject to the terms of the Operating Agreement and this Agreement. AMH shall perform its duties as Operator under this Agreement and the Operating Agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with general industry standards, and in compliance with applicable laws and regulations, but in no event shall it have any liability as Operator to Bridge or it's affiliates, directors, shareholders, officers, employees, agents and contractors for losses sustained or liabilities incurred except such as may result from its gross negligence or willful misconduct.

3. **AREA OF MUTUAL INTEREST**: The Parties hereby agree that the lands depicted on the plat attached hereto as EXHIBIT E shall constitute an Area of Mutual Interest (the "AMI Area"), which shall remain in force and effect for a term of [] years from the date of this Agreement. Upon expiration of such [#] year period, the AMI Area shall be reduced in size to include only: A) lands covered by then unexpired leases jointly owned by the Parties; and/or B) lands situated within the outer surface boundaries of pooled or production units for producing (or shut-in) wells in which both Parties own an interest. In the event either Party hereafter acquires, either directly or indirectly, oil and gas leases, oil and gas lease options, farmouts, seismic options, seismic permits, fee mineral interests or other interests in oil, gas and other minerals (collectively "Oil and Gas Interests") covering lands in the AMI Area, the acquiring Party shall give written notice of the acquisition to the other Party within thirty (30) days after the acquisition of such interests. The notice shall include copies of all instruments of conveyance, paid drafts or checks, itemized invoices of the actual costs incurred, burdens and obligations and other available information concerning the acquisition. The non-acquiring Party shall have the option, but not the obligation, to participate for its proportionate share of the acquired Oil and Gas Interests by giving written notice thereof and paying to the acquiring Party its proportionate share of all acquisition costs within thirty (30) days after receipt of notice of the acquisition and, upon receipt of such payment, the acquiring Party shall deliver an assignment to the other Party of its proportionate share of the acquired Oil and Gas Interests in the same form as the assignment attached hereto as Exhibit C. Thereafter, the acquired Oil and Gas Interests shall be added to the appropriate exhibit to the Operating Agreement and be governed by the provisions thereof. In the event the non-acquiring Party elects not to participate in the acquisition of Oil and Gas Interests, or fails to timely give written notice of its election to participate and pay to the acquiring Party its proportionate share of all acquisition costs relating thereto, the non-acquiring Party shall have no interest in the acquired Oil and Gas Interests. To the extent any acquisition of Oil and Gas Interests covers lands inside and outside the AMI Area, only that acreage located within the AMI Area shall be offered to the non-acquiring Party, provided, however, the acquiring Party may, at its sole discretion, offer the lands located outside the AMI Area to the other Party under the same terms and conditions set forth above. In the event the non-acquiring Party elects to exercise its option to participate in the outside lands, the AMI Area and this Agreement shall be amended to include such lands located outside the AMI Area. Notwithstanding anything herein to the contrary, the provisions set forth herein shall not apply to any acquisitions which result from acts of merger, consolidation, reorganization with, by or between a parent company, subsidiary or affiliated corporation or the acquisition by a Party hereto of the interest of the other Party hereto.

4. **EXPLORATION AND DEVELOPMENT OF THE PROJECT**:

A. From and after the date of this Agreement until eighteen (18) months following the date of this Agreement, or such time as AMH has incurred $8,000,000.00 in costs and expenses associated with the Project, whichever occurs first, AMH shall have the sole and exclusive right and authority, at its sole discretion, to acquire seismic and other data relating to the AMI Area, acquire Oil and Gas Interests covering lands in the AMI Area and conduct such drilling and other activities on the lands in the AMI Area as it deems necessary or desirable in furtherance of the Project, all of which shall be for the joint account of the Parties.

B. From and after eighteen (18) months following the date of this Agreement, or such time as AMH has incurred $8,000,000.00 in costs and expenses associated with the Project, whichever occurs first, each Party has the right, authority and option, but not the obligation or duty, to propose operations on geographical areas of land within the AMI Area that, based upon evaluation of geological, geophysical and/or other data, it has identified as an area encompassing a specific anomaly or structural/stratigraphic trap indicating the potential for the discovery of oil and/or gas in commercial quantities, which geographical areas shall not be greater than [#] acres and shall cover all depths unless otherwise agreed to by the Parties ("Prospect" or "Prospects"), by giving the other Party written notice of a proposed Prospect, which notice shall include a map or plat of the lands to be included in the Prospect, geological, geophysical and/or other data relating to the exploration and development of the Prospect, the objective depth of the initial well to be drilled on the Prospect and an Authority for Expenditures (AFE) setting forth the projected costs to drill and complete the initial well on the Prospect. The Party receiving notice of a proposed Prospect shall have the option, but not the obligation, to participate for its proportionate share in the Prospect by executing the AFE and returning same to the proposing Party along with its proportionate share of the estimated costs to drill and complete the initial well on the Prospect (as set forth in the AFE) within thirty (30) days of receipt of notice of the proposed Prospect. In the event a Party elects not to participate in a proposed Prospect, or fails to timely execute and deliver the AFE and pay its proportionate share of the estimated costs to drill and complete the initial well on the Prospect, it shall within ten (10) days thereafter deliver to the proposing Party an assignment of all of its right, title and interest in and to the Oil and Gas Interests in the proposed Prospect in the form attached hereto as Exhibit C and this Agreement and the AMI Area shall be amended to exclude such Oil and Gas Interests.

5. **INTERESTS OF THE PARTIES**: Except as otherwise specifically provided in this Agreement, all costs and liabilities incurred in operations under the terms of this Agreement and/or the Operating Agreement shall be borne by the Parties as set forth in the Operating Agreement, and all information and data generated during the term of this Agreement, all equipment and materials acquired, and all production of oil and gas from the Project shall be owned by the Parties as set forth in the Operating Agreement.

6. **CONFIDENTIALITY**: The Parties agree that any and all data relating to the Project, including, but not limited to, leasehold information and geological and/or geophysical data and analysis, shall be deemed confidential and proprietary information that is competitively sensitive

("Confidential Information"). Except as provided below, and except as to Confidential Information which is or becomes available in the public domain, Confidential Information which the Parties are legally compelled to disclose and Confidential Information required by a regulatory agency or securities exchange agency to which a Party is subject, the parties agree, during the terms of this Agreement and/or the Operating Agreement, to: (1) treat each and every item of Confidential Information as confidential, using the highest standard of care in the maintenance, storage and handling thereof; (2) not disclose Confidential Information, or any part thereof to any other party, except as may be expressly authorized below; (3) use the Confidential Information solely for the purposes of conceiving and defining development of the Project that will be pursued in accordance with this Agreement and/or the Operating Agreement; and (4) not use the Confidential Information or any part thereof for any purpose other than as may be expressly authorized in this Agreement and/or the Operating Agreement.

Notwithstanding the foregoing, Confidential Information may be disclosed to: (1) employees and officers of the Parties under circumstances where such employees and officers have been made aware of the confidential nature of the Confidential Information and the obligation to maintain its confidentiality; (2) employees and officers of any company in which either of the Parties owns more than 50% of the outstanding stock, or any company who owns more than 50% of the outstanding stock of either of the Parties; (3) any professional consultant retained by either of the Parties who will evaluate the Confidential Information for the purposes authorized in this Agreement and/or the Operating Agreement; (4) any financial institution offering debt or equity financing to either of the Parties, and any professional consultant retained by such financial institution for the purpose of evaluating the Confidential Information; and (5) any bona fide prospective purchaser of all or any portion of the interest of either of the Parties in the Project.

7. **NOTICE:** Any notice or other communication required or permitted hereunder shall be deemed to have been properly given or delivered when delivered personally or when sent by certified mail or facsimile, with all postage or charges fully prepaid as follows:

BRIDGE

AMH

The date of service by mail shall be the date on which such written notice or other communication is received. Each Party hereto shall have the right to change its address by notifying the other Party in writing.

8. **TERM OF AGREEMENT**: This Agreement shall remain in full force and effect for so long as the Operating Agreement remains effective as to any of the Leases, Lands and/or acquired Oil and Gas Interests in which both Parties elected to participate.

9. **NO RESTRICTIONS ON ASSIGNMENT**: Either Party may assign all or a part of its interest under this Agreement to one or more third parties, which assignee(s) shall then be subject to this Agreement and the Operating Agreement, and shall be deemed to have assumed the assigning

party's obligations pursuant to this Agreement and the Operating Agreement proportionate to their assigned interests.

10. **MISCELLANEOUS**:

(A) This Agreement is not intended to create and shall not be construed as creating a partnership or joint venture between the Parties under the laws of the State of Idaho, but the respective rights and obligations of the Parties hereto shall in all respects be several and be governed by the express provisions hereof. The Parties agree that they do not have, and hold each other harmless from and against, any claims (present and future) for, any fiduciary or other duties to the other that would in any manner arise from any claim that the relation between them is that of co-partners, partners, joint venturers or other similar form of relation, irrespective of how nominated.

(B) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Idaho, without regard to conflicts of laws principles thereof, and shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors, and assigns. Venue for all causes of action arising hereunder shall be in Payette County, Idaho.

(C) In case any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, any other provisions in this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein. Such invalid, illegal or unenforceable provisions shall be given effect to the maximum extent then permitted by law.

(D) Each of the Parties hereto shall, at any time and from time to time after the date hereof, upon request by the other Party and without further consideration, execute and deliver such instruments of transfer or other documents and take such further action as may be reasonably required in order to effectuate and consummate the transactions contemplated hereby.

(E) Except as otherwise expressly set forth in this Agreement, no person or entity not a party to this Agreement shall have rights under this Agreement as a third party beneficiary or otherwise.

(F) This Agreement, together with any exhibits, attachments or documents executed in connection herewith, supersedes any and all prior or contemporaneous understandings, statements, representations, warranties and agreements, whether written or oral, between the Parties relating to the subject matter hereof. In the event of any conflict between the provisions of this Agreement and any exhibit, attachment or document executed in connection herewith, this Agreement shall control. Any amendments to this Agreement shall be in writing and executed by the Parties.

(G) This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A facsimile, telegraphic or any other form of authenticated electronic signature shall be

effective in all respects as an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BRIDGE

_____

By:
Its:

AMH

_____

By:
Its:

EXHIBIT A Leases
EXHIBIT B Lands
EXHIBIT C Assignment
EXHIBIT D Operating Agreement
EXHIBIT E AMI Area

EXHIBIT A

Attached to and made a part of that certain Participation Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Leases

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES			
100-001	Charles N. Kauffman, a single man and Randall C. Kauffman, a married man dealing in his sole and	Bridge Energy Inc. and Paramax Energy Inc.	2/2/2006	8N	4W	4	Payette	333677	707.6200	707.62	707.62	12.50%	5.00%	187.62	187.62					
100-002	Randall C. Kauffman, and Thana M. Kauffman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/3/2006	8N	4W	8	Payette	333676	1283.4500	1213.368	1283.45	12.50%	5.00%	315.50	312.75					
100-005	Thomas G. Roland, and Marcia R. Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2006	8N	4W	3	Payette	333892	174.5000	174.5	174.5000	12.50%	5.00%	174.5	174.5					
100-006A	L.G. Davison & Sons, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	3/10/2006	6N	4W	3	Payette	333967/ 348684	2227.9300	2203.29	2227.93	12,50%	5.00%			419.52	419.52			
100-007	Dale H. Myers, and Ila Myers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	20	Payette	336351	62.0000	62.00	62.00	12.50%	5.00%			62.00	62.00			
100-008	Robert Allen Rice, and Kimi K. Rice, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/6/2006	8N	4W	33	Payette	336350	100.0000	100.00	100.00	12.50%	5.00%			100.00	100.00			
100-009	Larry L. Dahnke, and Susan E. Dahnke, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2006	8N	4W	2	Payette	334611	790.2500	790.25	790.25	12.50%	5.00%	141.22	141.22					
100-010	Clark Roland, and Danita Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334614	67.0000	67.00	67.00	12.50%	5.00%	35.00	35.00					
100-011	Thomas G. Roland, and Marcia R. Roland, husband and wife, and Clark C. Roland, a married man dealing in his sole and separate property, as Tenants in Common.	Bridge Energy Inc. and Paramax Energy Inc.	4/6/2006	8N	4W	17	Payette	334615/ 334616	82.9200	82.92	82.92	12.50%	5.00%	82.92	82.92					
100-016	Hyrum L. Austin and Marlene A. Austin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/18/2006	7N	4W	10	Payette	335603	205.0000	185.00	205.00	12.50%	5.00%			205.00	185.00			
100-018	J.G. Schwarz, also known as Joseph G. Schwarz, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/8/2006	8N	3W	19	Payette	336794	2227.8100	2227.81	2227.81	12.50%	5.00%	212.97	212.97					
100-020	J.R. Simplot Company, a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	7N	3W	2	Gem/Payette	336790	5250.4800	4758.49	5250.48	14.00%	4.00%			786.02	393.01			
100-021	ML Investment Company a Nevada Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/7/2006	8N	4W	2	Payette	336791	3488.3600	3292.21	3428.36	16.00%	3.00%	2798.18	2792.03	430.18	400.18			
100-023	Big Willow Creek Company, an Idaho Corporation	Bridge Energy Inc. and Paramax Energy Inc.	6/23/2006	7N	3W	21	Gem	348619	3640.0800	3640.08	3640.08	12.50%	5.00%	965.00	965.00	720.00	720.00			
100-025	Bonnie Myers, a widow	Bridge Energy Inc. and Paramax Energy Inc.	5/31/2006	7N	4W	20	Payette	336353	86.0000	86.00	86.00	12.50%	5.00%			86.00	86.00			
100-030	Jonathan Edward Skinner	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2006	8N	4W	33	Payette	336349	197.2800	197.28	197.28	12.50%	5.00%			197.28	197.28			
100-032A	Clyde F. Gross, and Myrna J. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	13	Payette	336590	144.7900	101.22	144.79	12.50%	5.00%			144.79	101.22			
100-033	William R. Cummings, a single man	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	9	Payette	336796	103.3300	103.33	103.33	12.50%	5.00%			103.33	103.33			
100-034	Dennis V. Holbrook, and Arlene Holbrook	Bridge Energy Inc. and Paramax Energy Inc.	6/27/2006	7N	4W	24	Payette	336795	30.1100	30.11	30.11	12.50%	5.00%			10.11	10.11			
100-035	Larry D. Schmelzel, Trustee of the Schmelzel Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	6/20/2006	7N	4W	6	Payette	336859	177.2200	177.22	177.22	12.50%	5.00%			177.22	177.22			
100-038	Russel D. Rhodig, and Phyllis R. Rhodig, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/30/2006	8N	4W	34	Payette	337125	80.0100	80.01	80.01	12.50%	5.00%			80.01	80.01			
100-039	Deloy Hawker, and Carol Hawker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2006	7N	4W	11	Payette	337126	66.3800	66.38	66.38	12.50%	5.00%			66.38	66.38			
100-040	Gregory R. Wiese, and Sharon K. Wiese, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337127	117.1800	117.18	117.18	12.50%	5.00%			117.18	117.18			
100-041	Richard L. Fisher, and Susan R. Fisher, husband and wife,	Bridge Energy Inc. and Paramax Energy Inc.	7/11/2006	7N	4W	3	Payette	337128	178.8400	178.84	178.84	12.50%	5.00%			178.84	178.84			

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100-042A	Larry D. Cronin, and Julie A. Cronin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/28/2006	7N	4W	15	Payette	337129	104.9600	52.48	104.96	12.50%	5.00%			104.96	52.48
100-044	Douglas A. White, and Kerry L. White, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/18/2006	7N	4W	9	Payette	337459	88.6900	88.69	88.69	12.50%	5.00%			88.69	88.69
100-045	Robert Dale Howard, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2006	7N	4W	15	Payette	337458	52.9000	52.90	52.90	12.50%	5.00%			52.90	52.90
100-047	Haminishi Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/1/2006	7N	4W	6	Payette	337886	495.8300	495.83	495.83	12.50%	5.00%			495.83	495.83
100-048	Dale J. Lacrone, and Karen R. Lacrone, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	34	Payette	339535	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00
100-049	James J. Lacrone, a married man herein dealing in his separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/7/2006	8N	4W	33	Payette	339534	35.8000	35.80	35.80	12.50%	5.00%			35.80	35.80
100-052	Rodney C. Orrison, and Nancy L. Orrison, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/8/2006	7N	4W	1	Payette	338084	127.2000	127.20	127.20	12.50%	5.00%			127.20	127.20
100-054	Tim Shaw, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	11	Payette	338087	88.3800	88.38	88.38	12.50%	5.00%			88.38	88.38
100-055	Tim Shaw Herefords, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2006	7N	4W	24	Payette	338086	63.5000	63.50	63.50	12.50%	5.00%			63.50	63.50
100-059	Tanya L. Johanek, and Daniel P. Johanek, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2006	7N	4W	24	Payette	338790	58.1300	58.13	58.13	12.50%	5.00%			58.13	58.13
100-062	Robert R. Ziemer, and Toni M. Ziemer, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/7/2006	8N	4W	33	Payette	338795	37.9600	37.96	37.96	12.50%	5.00%			37.96	37.96
100-063	Christopher Robert Mettler, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338791	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00
100-065	Chris R. Mettler, and Penny J. Mettler, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/23/2006	7N	4W	14	Payette	338789	113.3300	93.33	113.33	12.50%	5.00%			113.33	94.22
100-066	Ronald L. Veatch, a single person	Bridge Energy Inc. and Paramax Energy Inc.	8/24/2006	7N	4W	2	Payette	338792	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36
100-068	Teddy A. Allen, Sr., a.k.a Ted Allen and Teresa L. Allen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	3	Payette	338784	42.4400	42.44	42.44	12.50%	5.00%			42.44	42.44
100-072	Blaine L. Cornell, and Greta L. Cornell, Trustees of the Cornell 1994 Revocable Trust, under instrument dated April 18, 1994	Bridge Energy Inc. and Paramax Energy Inc.	9/13/2006	7N	4W	9	Payette	338782	135.4700	135.47	135.47	12.50%	5.00%			135.47	135.47
100-073	Betty J. Hart, a widow	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	11	Payette	339201	33.3700	33.37	33.37	12.50%	5.00%			33.37	33.37
100-074	Ronald A. Hart, and Sandra K. Hart, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/21/2006	7N	4W	10	Payette	339202	32.8000	32.80	32.80	12.50%	5.00%			32.80	32.80
100-076	Lyla Scheihing, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2006	7N	4W	4	Payette	339362	44.2900	44.29	44.29	12.50%	5.00%			44.29	44.29
100-079	Lorrie Tracy, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2006	7N	4W	2	Payette	339359	232.8000	232.80	232.80	12.50%	5.00%			232.80	232.80
100-082A	Bill G. Ramsey and Corrine C. Ramsey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2006	7N	4W	12	Payette	339533	116.9400	109.21	116.94	12.50%	5.00%			116.94	109.21
100-083	Paula Espino, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2006	7N	4W	2	Payette	339776	95.5900	95.59	95.59	12.50%	5.00%			95.59	95.59
100-084	Gregory M. Davis, and Katherine J. Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/20/2006	7N	4W	20	Payette	339777	185.8500	185.85	185.85	12.50%	5.00%			185.85	185.85

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100-085	Edwin Lee Huckfeldt, and Billie June Huckfeldt, as Trustees of The E.L. and B.J. Huckfeldt Trust	Bridge Energy Inc. and Paramax Energy Inc.	10/18/2006	7N	4W	4	Payette	340152	83.3800	83.38	83.38	12.50%	5.00%			83.38	83.38			
100-089	Danny L. Shoemaker, and Norine R. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340154	26.1400	26.14	26.14	12.50%	5.00%			26.14	26.14			
100-090	Michael F. Shoemaker, and Sandra K. Shoemaker, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/1/2006	7N	4W	9	Payette	340151	71.9100	71.91	71.91	12.50%	5.00%			71.91	71.91			
100-091	Robert Edgar Griffiths, and Cathy Griffiths, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/10/2006	7N	4W	5	Payette	340290	50.6500	50.65	50.65	12.50%	5.00%			50.65	50.65			
100-092	Ernest E. Eilers, and Marie S. Eilers, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/17/2006	7N	4W	10	Payette	340524	40.8700	40.87	40.87	12.50%	5.00%			40.87	40.87			
100-093A	Robert E. Kniefel, and Carolyn M. Kniefel husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/16/2006	8N	4W	33	Payette	344396	258.5200	149.26		12.50%	5.00%			40.00	40.00			
100-095	Ronald L. Young, and Siriwan Young, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/15/2006	7N	4W	13	Payette	340526	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-099	Hazel Getman-Bates, and Farrel E. Bates, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	12/7/2006	7N	4W	6	Payette	340847	60.0000	60.00	60.00	12.50%	5.00%			60.00	60.00			
100-100	Bruce A. Kniefel, and Connie A. Kniefel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/6/2006	8N	4W	28	Payette	340848	95.0000	95.00	95.00	12.50%	5.00%			95.00	95.00			
100-101A	Ilene Y. Betz, a.k.a. Ilene Betz, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341299	124.9100	62.46	124.91	12.50%	5.00%			40.00	20.00			
100-101B	Ilene Y. Betz, a.k.a. Ilene Betz, Eldon Hugh Betz, and Kent Gist as Trustees, in trust for Eldon Hugh Betz, Robin Rachelle Stauts, and Anthony Wayne Shuyler, in the Matter of the Estate of Elmer Betz, deceased, Case No. E 729, District Court, Third Judicial District of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2006	8N	4W	31	Payette	341774		62.45	0.00	12.50%	5.00%			0.00	20.00			
100-105	W. Allen Schmid, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	18	Payette	341778	67.0400	67.04	67.04	12.50%	5.00%			67.04	67.04			
100-106	Karla Matista, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/16/2007	7N	4W	2	Payette	341776	43.3800	43.38	43.38	12.50%	5.00%			43.38	43.38			
100-107	Floyd A. Newburn, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2007	7N	4W	18	Payette	342408	138.1000	138.10	138.10	12.50%	5.00%			138.10	138.10			
100-108	Wander Dotson Farms, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2007	8N	4W	29	Payette	342407	263.3300	263.33	263.33	12.50%	5.00%			153.33	153.33			
100-111	Arthur W. Lee, and Freda E. Lee a.k.a. Freda Elsie Lee, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	5	Payette	343315	205.6000	205.60	205.60	12.50%	5.00%			205.60	205.60			
100-113	Ramona R. Lee, a single person	Bridge Energy Inc. and Paramax Energy Inc.	2/7/2007	7N	4W	7	Payette	343317	37.0000	37.00	37.00	12.50%	5.00%			37.00	37.00			
100-115	John M. Griffin, and Janice R. Griffin, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343722	18.5700	18.57	18.57	12.50%	5.00%			18.57	18.57			
100-116	Elisa A. Baldwin, a married person dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/15/2007	7N	4W	6	Payette	343312	17.1500	17.15	17.15	12.50%	5.00%			17.15	17.15			

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100-117	City of New Plymouth, a political subdivision of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	2/15/2007	8N	4W	34	Payette	342913	80.0000	80.00	80.00	12.50%	5.00%			80.00	80.00			
100-123	Ida M. Lindsay, a widow	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2007	7N	4W	5	Payette	343720	48.3000	48.30	48.30	12.50%	5.00%			48.30	48.30			
100-135A	Beverly J. Hollen, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348352	314.4400	157.22	314.44	12.50%	5.00%	80.00	40.00					
100-135B	Elizabeth Hardin, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/12/2007	8N	3W	7	Payette	348351		157.22	0.00	12.50%	5.00%	0	40.00					
100-136	Scott C. Brainard, Trustee of the Scott Cree Brainard Trust u/t/d August 10, 2000 restated October 6, 2004, as amended	Bridge Energy Inc. and Paramax Energy Inc.	9/27/2007	8N	4W	1	Payette	348620	320.0000	320.00	320.00	12.50%	5.00%	320.00	320.00					
100-137A	Byron Champion, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/25/2007	8N	3W	4	Payette	348621	2440.0000	542.22	2440.00	12.50%	5.00%	320.00	71.11					
100-137AA	Bert H. Reins a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371418	2120.0000	78.52	0.00	12.50%	5.00%	320.00	11.85184					
100-137AB	Charlotte L. Lawer a/k/a Charlotte Reins Lawer a married women dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette			78.52	0.00	12.50%	5.00%	0.00	11.85184					
100-137AC	Elizabeth A. Holsinger a/k/a Elizabeth Limbaugh Holsinger, a married women dealing in her sole and separate property.	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371419		117.78	0.00	12.50%	5.00%	0.00	17.78					
100-137AD	Donnette Ann Reins, a single women	Bridge Energy Inc. and Paramax Energy Inc.	12/13/2010	8N	3W	4	Payette	371420		78.52	0.00	12.50%	5.00%	0.00	11.85					
100-137AE	Trust A of The Lawrence and Barbara Limbaugh Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2010	8N	3W	4	Payette	371421		117.78	2120.00	12.50%	5.00%	0.00	17.86					
100-137B	Sarah Thomison, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348742		135.55	2440.00	12.50%	5.00%	0.00	17.76					
100-137C	Tamara L. Epperson, a widow	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	348743		271.11	2440.00	12.50%	5.00%	0.00	35.55					
100-137D	Dameon Epperson, a single man	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2007	8N	3W	4	Payette	349237		135.55	2440.00	12.50%	5.00%	0.00	17.78					
100-137E	Jerry Jerome Reins, a widow and sole heir to the Estate of Otto F.Reins, deceased	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2008	8N	3W	4	Payette	352241		813.33	0.00	12.50%	5.00%	0.00	106.65					
100-162	The Lavinia Palmer Trust, U/T/A dated September 6, 1994	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2008	7N	4W	3	Payette	351482	58.4000	58.40	58.40	12.50%	5.00%			58.40	58.40			
100-169	Eldred Farms, Inc., an Idaho corporation, and Daryl Eldred, a/k/a Daryl W. Eldred, a/k/a Daryl Wesley Eldred, individually, as a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	3/13/2008	7N	4W	7	Payette	352094	181.0900	181.09	181.09	12.50%	5.00%			177.57	177.57			
100-197	Clifton L. Eldred, a single man	Bridge Energy Inc. and Paramax Energy Inc.	7/1/2008	7N	4W	7	Payette	355272	128.5500	128.55	128.55	12.50%	5.00%			128.55	128.55			
100-200	Hinatsu Farms, LLLP	Bridge Energy Inc. and Paramax Energy Inc.	8/22/2008	8N	4W	31	Payette	355866	118.9200	118.92	118.92	12.50%	5.00%			38.92	38.92			

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100-207	Eduardo Ferreira, a/k/a Eduardo M.Ferreira and Teresa Ferreira, a/k/a Teresa J. Ferreira, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/13/2008	7N	4W	8	Payette	357050	106.2100	106.21	106.21	12.50%	5.00%			28.71	28.71			
100-208	Ryan D. Kerby, and Kathy L. Kerby, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2008	7N	4W	2	Payette	356605	12.0000	12.00	12.00	12.50%	5.00%			12.00	12.00			
100-210	Robert Finley, a/k/a a/k/a Robert Joe Finley, and Frances Finley, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/23/2008	7N	4W	2	Payette	357049	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00			
100-211	Randy Cope, and Melanie Cope husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/28/2008	7N	4W	2	Payette	357052	9.9700	9.97	9.97	12.50%	5.00%			9.97	9.97			
100-212	Randy V. Frates, and Connie L. Frates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/31/2008	7N	4W	2	Payette	357051	24.9800	24.98	24.98	12.50%	5.00%			24.98	24.98			
100-214	Delmer W. Thompson, and Audrey M. Thompson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	11	Payette	357055	38.0000	38.00	38.00	12.50%	5.00%			38.00	38.00			
100-215	Gary D. Askew, and Clara A. Askew husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/6/2008	7N	4W	2	Payette	357056	22.9500	22.95	22.95	12.50%	5.00%			22.95	22.95			
100-216	Kenneth M. Gross, a/k/a Kenneth Moodey Gross, a/k/a K. Moodey Gross, and Terri S. Gross, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357057	18.0400	18.04	18.04	12.50%	5.00%			18.04	18.04			
100-217	W. Robert Fitch, an unmarried man, and Lois M. Silva, an unmarried woman, as Joint Tenants	Bridge Energy Inc. and Paramax Energy Inc.	11/7/2008	7N	4W	2	Payette	357058	6.9400	6.94	6.94	12.50%	5.00%			6.94	6.94			
100-218	David W. Boyle, a single man	Bridge Energy Inc. and Paramax Energy Inc.	11/12/2008	7N	4W	11	Payette	357319	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-219	David Blacketter, and Toni Blacketter, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/19/2008	7N	4W	11	Payette	357150	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00			
100-220	Teresa A. Brandel, a widow	Bridge Energy Inc. and Paramax Energy Inc.	12/4/2008	7N	4W	3	Payette	357497	30.0800	30.08	30.08	12.50%	5.00%			30.08	30.08			
100-221	The Leeroy and Lorrie Tracy Trust, an Idaho revocable trust, under trust agreement dated March 12, 2004	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357498	28.6600	28.66	28.66	12.50%	5.00%			28.66	28.66			
100-222	Gilbert Paul Fields, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/5/2008	7N	4W	11	Payette	357499	20.4900	20.49	20.49	12.50%	5.00%			20.49	20.49			
100-223	David R. Allwein, and Katherine Allwein, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357550	4.2400	4.24	4.24	12.50%	5.00%			4.24	4.24			
100-224	Rutilo Espino, and Paula M. Espino, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/26/2008	7N	4W	2	Payette	357551	1.2400	1.24	1.24	12.50%	5.00%			1.24	1.24			
100-225	Park View Cemetery Maintenance District, a/k/a Parkview Cemetery, Inc., an Idaho non-profit corporation	Bridge Energy Inc. and Paramax Energy Inc.	12/12/2008	7N	4W	2	Payette	357552	0.9800	0.98	0.98	12.50%	5.00%			0.98	0.98			
100-226	William R. Eicher, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/11/2008	7N	4W	2	Payette	357553	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-227	Pete Erominok, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	12/15/2008	7N	4W	2	Payette	357753	1.6600	1.66	1.66	12.50%	5.00%			1.66	1.66			
100-228	James B. Lambert, and Patricia A. Lambert, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	12/9/2008	7N	4W	11	Payette	357754	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00			
100-229	Carolina Gomez, a married woman dealing in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	7N	4W	2	Payette	358055	1.2000	1.20	1.20	12.50%	5.00%			1.20	1.20			

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100-230	Cyril W. Roland, a/k/a C.W. Roland and Irene J. Roland, a/k/a Irene Roland, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/6/2009	8N	4W	17	Payette	358056	345.8600	345.86	345.86	12.50%	5.00%	345.86	345.86		
100-231	Richard P. Evey, and Susan D. Evey, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	8N	4W	9	Payette	358322	5.0000	5.00	5.00	12.50%	5.00%	5.00	5.00		
100-233	Mike O. Boudreaux, and Jeanine Boudreaux husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/15/2009	7N	4W	3	Payette	358359	16.4900	16.49	16.49	12.50%	5.00%			16.49	16.49
100-237	Renee L. Cummings, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	1/26/2009	7N	4W	2	Payette	358357	0.6100	0.61	0.61	12.50%	5.00%			0.61	0.61
100-238	Glenn A. Houston, and Joyce A. Houston, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/29/2009	7N	4W	9	Payette	358358	5.0000	5.00	5.00	12.50%	5.00%			5.00	5.00
100-239	David R. Temple, a/k/a David Temple, and Rebecca C. Temple a/k/a Becky Temple, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	358713	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00
100-240	Shawn M. Evins, and Renae L. Evins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	17	Payette	359115	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00
100-241	Ray A. Miller, and Janet L. Miller, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	11	Payette	358712	6.8900	6.89	6.89	12.50%	5.00%			6.89	6.89
100-243A	Gustavo A. Solis, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette	358711	10.0000	5.00	10.00	12.50%	5.00%			10.00	5.00
100-243B	Marco T. Solis, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	2/10/2009	7N	4W	10	Payette		10.0000	5.00	0.00	12.50%	5.00%			0.00	5.00
100-244	Joseph L. Hodges, and Kimberly A. Hodges, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/30/2009	7N	4W	17	Payette	358522	3.7000	3.70	3.70	12.50%	5.00%			3.70	3.70
100-245	Ronald D. Hendrickson, and Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	8N	3W	30	Payette	358523	277.8200	277.82	277.82	12.50%	5.00%			258.85	258.85
100-246	Ronald D. Hendrickson, and Charlene Hendrickson, a/k/a D. Charlene Hendrickson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/5/2009	7N	4W	17	Payette	358524	7.8700	7.87	7.87	12.50%	5.00%			7.87	7.87
100-247	Patricia Rae Deveny, a widow	Bridge Energy Inc. and Paramax Energy Inc.	2/17/2009	7N	4W	17	Payette	359114	12.1300	12.13	12.13	12.50%	5.00%			12.13	12.13
100-248	Paul Mendiola, and Mona A. Mendiola, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	2/24/2009	8N	4W	5	Payette	359206	805.6700	805.67	805.67	12.50%	5.00%	280.00	280.00		
100-250	Lloyd F. Rawlings and Linda Rawlings	Bridge Energy Inc. and Paramax Energy Inc.	3/30/2010	7N	4W	5	Payette	366627	41.7400	41.74	41.74	12.50%	5.00%			41.74	41.74
100-251	Richard H. Purdum and Jerry R. Purdum	Bridge Energy Inc. and Paramax Energy Inc.	3/29/2010	7N	4W	8	Payette	366628	19.8500	19.85	19.85	12.50%	5.00%			19.85	19.85
100-252	Lyla Scheihing Living Trust, under trust agreement dated December 4, 1995	Bridge Energy Inc. and Paramax Energy Inc.	3/31/2010	7N	4W	4	Payette	366629	14.4000	14.40	14.40	12.50%	5.00%			14.40	14.40
100-256	Douglas A. Richards and Sharon Jo Richards, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	8	Payette	366633	10.0000	10.00	10.00	12.50%	5.00%			10.00	10.00
100-257A	Myrl Haines and Christene L. Haines Family Living Trust	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366634	38.9100	19.4550	38.91	12.50%	5.00%			38.91	19.4550
100-257B	Byrl Haines, aka Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	4/15/2010	7N	4W	11	Payette	366635		19.4550	0.0000	12.50%	5.00%			0	19.4550
100-258	David Kertes and Fawn Kertes, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/14/2010	7N	4W	8	Payette	366636	20.5500	20.55	20.55	12.50%	5.00%			20.55	20.55

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100-259	Mountain West Entrust IRA F.B.O. Melvin G. Beatty Jr. IRA	Bridge Energy Inc. and Paramax Energy Inc.	5/14/2010	7N	4W	8	Payette	368486	16.8600	16.86	16.86	12.50%	5.00%			16.86	16.86
100-260	Farrel E. Bates and Hazel Getman Bates, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366637	10.9400	10.94	10.94	12.50%	5.00%			10.94	10.94
100-261	Mila Getman, a widow	Bridge Energy Inc. and Paramax Energy Inc.	4/22/2010	7N	4W	8	Payette	366638	17.2900	17.29	17.29	12.50%	5.00%			17.29	17.29
100-263	Bruce Cummings and Marianne Cummings, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/11/2010	7N	4W	12	Payette	369256	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00
100-264A	Hunter R. Brock and Wilda I. Brock, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367647	26.5200	13.26	13.26	12.50%	5.00%			26.52	13.26
100-264B	Greg W. Willison and Marilyn Jo Willison, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/5/2010	7N	4W	8	Payette	367648	23.7200	11.86	0	12.50%	5.00%			0.00	11.86
100-266	Kevin J. Border and Christine L. Border, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/5/2010	7N	4W	8	Payette	367650	16.7700	16.77	16.77	12.50%	5.00%			16.77	16.77
100-267	William H. Storey and Jayne M. Storey, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/17/2010	7N	4W	12	Payette	367651	7.0000	7.00	7.00	12.50%	5.00%			7.00	7.00
100-268	Charles M. Darrall and Joann Darrall, Trustees of the "Charles M. and Joann Darrall Family Trust"	Bridge Energy Inc. and Paramax Energy Inc.	6/4/2010	7N	4W	10	Payette	367652	30.0000	30.00	30.00	12.50%	5.00%			30.00	30.00
100-269	Joseph D. Baldocchi and Diane L. Baldocchi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/27/2010	7N	4W	7	Payette	367653	11.6800	11.68	11.68	12.50%	5.00%			11.68	11.68
100-270	Thomas R. Sorensen and Julie A. Sorensen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	9	Payette	368489	21.1400	21.14	21.14	12.50%	5.00%			21.14	21.14
100-272	Ralph V. Walker and Darleen M. Walker	Bridge Energy Inc. and Paramax Energy Inc.	5/25/2010	7N	4W	3	Payette	368491	10.3900	10.39	10.39	12.50%	5.00%			10.39	10.39
100-274A	Franklin D. Teunissen,a/k/a Frank Teunissen, and Leslie J. Teunissen, a/k/a Leslie Teunissen, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	5/1/2010	7N	4W	8	Payette	375250	149.4100	133.71	149.41	12.50%	5.00%			150.01	133.71
100-275A	Michael Joseph Hally and Susan Colleen Hally, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/10/2010	7N	4W	10	Payette	368492	20.2500	10.13	20.25	12.50%	5.00%			20.25	10.13
100-276	Royce D. Porath and Teresa L. Porath, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	6/9/2010	7N	4W	12	Payette	368493	22.0900	22.09	22.09	12.50%	5.00%			22.09	22.09
100-277	Julie Ann Roberts, f/k/a Julie Ann Maneely, a married woman dealingt in her sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	6/24/2010	7N	4W	3	Payette	368494	5.1300	5.13	5.13	12.50%	5.00%			5.13	5.13
100-279	A. LeRoy Atwood, an unmarried man	Bridge Energy Inc. and Paramax Energy Inc.	7/6/2010	8N	4W	17	Payette	368496	152.8500	152.85	152.85	12.50%	5.00%	35.85	35.85		
100-280	Myron P. Davis and Luella Ann Davis, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	9	Payette	368497	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00
100-281	Duane Presnell and Judith L. Presnell, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/14/2010	7N	4W	3	Payette	368498	6.6900	6.69	6.69	12.50%	5.00%			6.69	6.69
100-283	Guy D. Werner, a married man, dealing in his whole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	7/12/2010	7N	4W	20	Payette	368499	11.0000	11.00	11.00	12.50%	5.00%			11.00	11.00
100-284	John H. Gettle and Patricia K. Gettle, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/19/2010	7N	4W	16	Payette	368555	15.6600	15.66	15.66	12.50%	5.00%			15.66	15.66
100-285	Dallas C. Hawker and Betty J. Hawker, as husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	9	Payette	368500	29.0300	29.03	29.03	12.50%	5.00%			29.03	29.03

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES	LEASE ROYALTY	LEASE ORRI	WILLOW GROSS ACRES	WILLOW NET ACRES	HAMILTON GROSS ACRES	HAMILTON NET ACRES
100-286	Walter Colley, a widower	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	22	Payette	368501	31.0400	31.04	31.04	12.50%	5.00%			31.04	31.04
100-287	Yvonne M. Young, a widow	Bridge Energy Inc. and Paramax Energy Inc.	7/20/2010	7N	4W	15	Payette	368502	1.3000	1.30	1.30	12.50%	5.00%			1.30	1.30
100-289	Merle Lingel and LaVonne Jean Lingel, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	7/21/2010	7N	4W	3	Payette	368503	8.4500	8.45	8.45	12.50%	5.00%			8.45	8.45
100-291	Stanley E. Nelson and Ann C. Nelson, as Co-Trustees of the Nelson Family Trust	Bridge Energy Inc. and Paramax Energy Inc.	8/4/2010	7N	4W	9	Payette	368505	36.2500	36.25		12.50%	5.00%			36.25	36.25
100-293	Randy Young, a married man as his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	8/12/2010	7N	4W	15	Payette	368507	4.0400	4.04	4.04	12.50%	5.00%			4.04	4.04
100-294	Alan Beebe and Kay Beebe, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	15	Payette	371422	16.0000	16.00	16.00	12.50%	5.00%			16.00	16.00
100-296	Janyce Clough, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	3	Payette	368509	9.5600	9.56	9.56	12.50%	5.00%			9.56	9.56
100-297	Susan L. Bunce, a single woman	Bridge Energy Inc. and Paramax Energy Inc.	8/10/2010	7N	4W	9	Payette	368510	4.6700	4.67	4.67	12.50%	5.00%			4.67	4.67
100-303	Daniel D. Cook and Dorothy M. Cook, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	3	Payette	369135	1.5200	1.52	1.52	12.50%	5.00%			1.52	1.52
100-304	Todd E. Hammon and Julie A. Hammon, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/25/2010	7N	4W	14	Payette	369136	22.0000	22.00	22.00	12.50%	5.00%			22.00	22.00
100-305	Howard J. Fisher and Betty A. Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/27/2010	7N	4W	9	Payette	371424	13.7000	13.70	13.70	12.50%	5.00%			13.70	13.70
100-306	Lyle Cable and Lorrie Cable, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	15	Payette		5.3100	5.31	5.31	12.50%	5.00%			5.31	5.31
100-308	Douglas H. Smith and Silvie D. Smith, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/23/2010	7N	4W	14	Payette	371425	2.9700	2.97	2.97	12.50%	5.00%			2.97	2.97
100-309	Daniel L. Peterson, a married man of his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	14	Payette	368553	35.6100	35.61	35.61	12.50%	5.00%			35.61	35.61
100-310	Ramona R. Lee, an unmarried woman	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2010	8N	4W	31	Payette	369723	39.4800	39.48	39.48	12.50%	5.00%			39.48	39.48
100-311	Jerry L. Hall and Juanita M. Hall, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/7/2010	8N	4W	34	Payette	371426	4.4200	4.42	4.42	12.50%	5.00%			4.42	4.42
100-312	Dean C. Anderson and Brenda J. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/5/2010	7N	4W	3	Payette	371427	20.0000	20.00	20.00	12.50%	5.00%			20.00	20.00
100-313	Dan Bicandi, a/k/a Daniel T. Bicandi, and Corena Bicandi, a/k/a Corena K. Bicandi, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/6/2010	7N	4W	1	Payette	370988	502.8200	502.82	502.82	12.50%	5.00%			319.45	319.45
100-314	Phillip V. Pittman and Kay J. Pittman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/4/2010	7N	4W	3	Payette	369716	40.3600	40.36	40.36	12.50%	5.00%			40.36	40.36
100-316	Rick Van Vliet and Family Dairy, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/30/2010	7N	4W	7	Payette	371428	124.0100	124.01	124.01	12.50%	5.00%			40.00	40.00
100-317	Charles E. Anderson, Jr. and Julie A. Anderson, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/10/2010	7N	4W	4	Payette	369718	3.3400	3.34	3.34	12.50%	5.00%			3.34	3.34
100-318	David Earl Frost and Lillian L. Frost, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	9/16/2010	7N	4W	16	Payette	371662	16.7900	16.79	16.79	12.50%	5.00%			16.79	16.79
100-320	JKJ, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/2/2010	8N	4W	13	Payette	370987	173.5500	173.55	173.55	12.50%	5.00%	173.55	173.55		
100-321	Ray L. Brogan, a single man	Bridge Energy Inc. and Paramax Energy Inc.	9/9/2010	7N	4W	9	Payette	369719	3.2300	3.23	3.23	12.50%	5.00%			3.23	3.23
100-322	D & P Buchanan LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	9/24/2010	7N	4W	4	Payette	371663	50.1900	50.19	50.19	12.50%	5.00%			50.19	50.19

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100-325	Marvin C. Collinsworth and Darla S. Collinsworth, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/14/2010	7N	4W	5	Payette	369722	95.8700	95.87	95.87	12.50%	5.00%			95.87	95.87			
100-326	Eagle Island Ranch, Inc., an Idaho corporation	Bridge Energy Inc. and Paramax Energy Inc.	10/12/2010	8N	4W	36	Payette	371429	203.0900	203.09	203.09	12.50%	5.00%			203.09	203.09			
100-327A	Myrl Haines and Christene L. Haines Family Living Trust, a trust established under the laws of the State of Idaho	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371430	167.3100	74.50	167.31	12.50%	5.00%			117.31	49.49			
100-327B	Byrl Haines, a/k/a Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc. and Paramax Energy Inc.	9/8/2010	8N	4W	29	Payette	371431	167.3100	74.50	0.00	12.50%	5.00%			0	49.49			
100-329	Dale G. Lisle and Jacqueline K. Lisle, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/27/2010	7N	4W	6	Payette	371433	4.4800	4.48	4.48	12.50%	5.00%			4.48	4.48			
100-333	Seven Oaks Development, LLC an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	12/3/2010	8N	SW	23	Payette	371416	42.4600	42.4600	42.46	12.50%	5.00%			42.46	42.46			
100-335	Steven L. Moser and Katie H. Moser, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	8/15/2010	7N	4W	22	Payette	369134	8.9600	8.96	8.96	12.50%	5.00%			8.96	8.96			
100-336	Thomas S. Johnson and Shirley A. Johnson	Bridge Energy Inc. and Paramax Energy Inc.	8/18/2010	7N	4W	15	Payette	371423	32.3300	32.33	32.33	12.50%	5.00%			32.33	32.33			
100-337	Donald V. Smith, a single man	Bridge Energy Inc. and Paramax Energy Inc.	8/26/2010	7N	4W	15	Payette	369173	19.0000	19.00	19.00	12.50%	5.00%			19.00	19.00			
100-700A	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	12/8/2010	7N	4W	24	Payette	371031	11.9300	5.97	11.93	12.50%	5.00%			11.93	5.97			
100-701A	Curt Kamo and Kathleen M. Kamo, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	11/24/2010	7N	4W	7	Payette	371030	5.2000	2.60	5.20	12.50%	5.00%			5.20	2.60			
100-703	D. Marc Haws and Karen I. Haws, as Co-Trustees of The D. Marc & Karen I. Haws Trust under Trust Agreement dated effective October 10, 2000	Bridge Energy Inc. and Paramax Energy Inc.	1/31/2011	7N	3W	7	Payette	372375	168.1400	168.14	168.14	12.50%	5.00%			25.14	25.14			
100-708	George M. Rogoff	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369880	0.9700	0.97	0.97	12.50%	5.00%			0.97	0.97			
100-709	Darwin L. and Gertrude A. Jenkins, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369879	3.0000	3.00	3.00	12.50%	5.00%			3.00	3.00			
100-710	Lee A. and Doris Cope Brown, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	10/19/2010	7N	4W	8	Payette	369878	3.2500	3.25	3.25	12.50%	5.00%			3.25	3.25			
100-711	Robert A. and Trina M. Knott, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	1/10/2011	7N	4W	7	Payette	371357	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-712A	Tracey A. Sherman and Jeff Sherman, wife and husband	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371835	10.2300	5.12	10.23	12.50%	5.00%			10.23	5.12			
100-712B	Tim G. Cooper, a single man	Bridge Energy Inc. and Paramax Energy Inc.	1/12/2011	7N	4W	18	Payette	371834		5.12	0.00	12.50%	5.00%			0.00	5.12			
100-714	Nick Adams, a single man	Bridge Energy Inc. and Paramax Energy Inc.	2/4/2011	7N	4W	11	Payette	371831	1.0000	1.00	1.00	12.50%	5.00%			1.00	1.00			
100-715	Lennie P. Ahnstedt and Mary Mae Ahnstedt, Co-Trustees of the Ahnstedt Family 1998 Revocable Trust, u/t/a dated 5/27/1998.	Bridge Energy Inc. and Paramax Energy Inc.	2/16/2011	7N	4W	7	Payette	371830	51.5300	51.53	51.53	12.50%	5.00%			1.00	1.00			
100-716	Archie L. Freeman and Maria T. Freeman, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/7/2011	7N	4W	11	Payette	371979	5.5030	5.503	5.503	12.50%	5.00%			5.503	5.503			
100-717	Travis L. Fisher and Tina Fisher, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/24/2011	7N	4W	7	Payette	371833	3.2800	3.280	3.280	12.50%	5.00%			3.280	3.280			

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100-718	John T. Schneider and M. Janelle Schneider, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	371832	2.0000	2.000	2.000	12.50%	5.00%			2.000	2.000
100-719	Glenn C. Blankenship and Sherill M. Blankenship, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/8/2011	7N	4W	7	Payette	372376	1.8000	1.800	1.800	12.50%	5.00%			1.800	1.800
100-722	T. Kyle and Talia N. Seaweard, husband and wife	Bridge Energy Inc. and Paramax Energy Inc.	3/19/2011	7N	4W	8	Payette	373310	6.7100	6.710	6.710	12.50%	5.00%			6.710	6.710
100-725	Elizabeth Nay	Bridge Energy Inc. and Paramax Energy Inc.	4/19/2011	7N	4W	8	Payette	373705	6.1800	6.180	6.180	12.50%	5.00%			6.18	6.18
100-726A	Richard M. Peterson, as Trustee of the Richard Peterson Trust under Trust Agreement dated September 4, 2001, and his substitutes and successors as Trustee.	Bridge Energy Inc. and Paramax Energy Inc.	6/2/2011	8N	4W	10	Payette	375244	40.0000	20.000	40.000	12.50%	5.00%	40.000	20.000		
100-532	O-01981 State of Idaho Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	8	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00
100-533	O-01982 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	16	Payette		520.00	520.00	520.00	12.50%	5.00%			520.00	520.00
100-534	O-01983 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	17	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00
100-535	O-01984 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	18	Payette		320.00	320.00	320.00	12.50%	5.00%			320.00	320.00
100-536	O-01985 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	21	Payette		640.00	640.00	640.00	12.50%	5.00%			640.00	640.00
100-537	O-01986 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	7N	4W	22	Payette		600.00	600.00	600.00	12.50%	5.00%			600.00	600.00
100-547	O-01996 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	10	Payette		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00		
100-548	O-01997 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	16	Payette		560.00	560.00	560.00	12.50%	5.00%	560.00	560.00		
100-549	O-01998 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	32	Payette		80.00	80.00	80.00	12.50%	5.00%			80.00	80.00
100-550	O-01999 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	8N	4W	36	Payette		120.00	120.00	120.00	12.50%	5.00%			120.00	120.00
														7433.17	7084.314	13522.263	12901.653

Total for Willow/Hamilton	
Gross	Net
20,955.43	19,985.96

EXHIBIT B

Attached to and made a part of that certain Participation Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Lands

Plat of Willow and Hamilton Fields
Payette County, Idaho

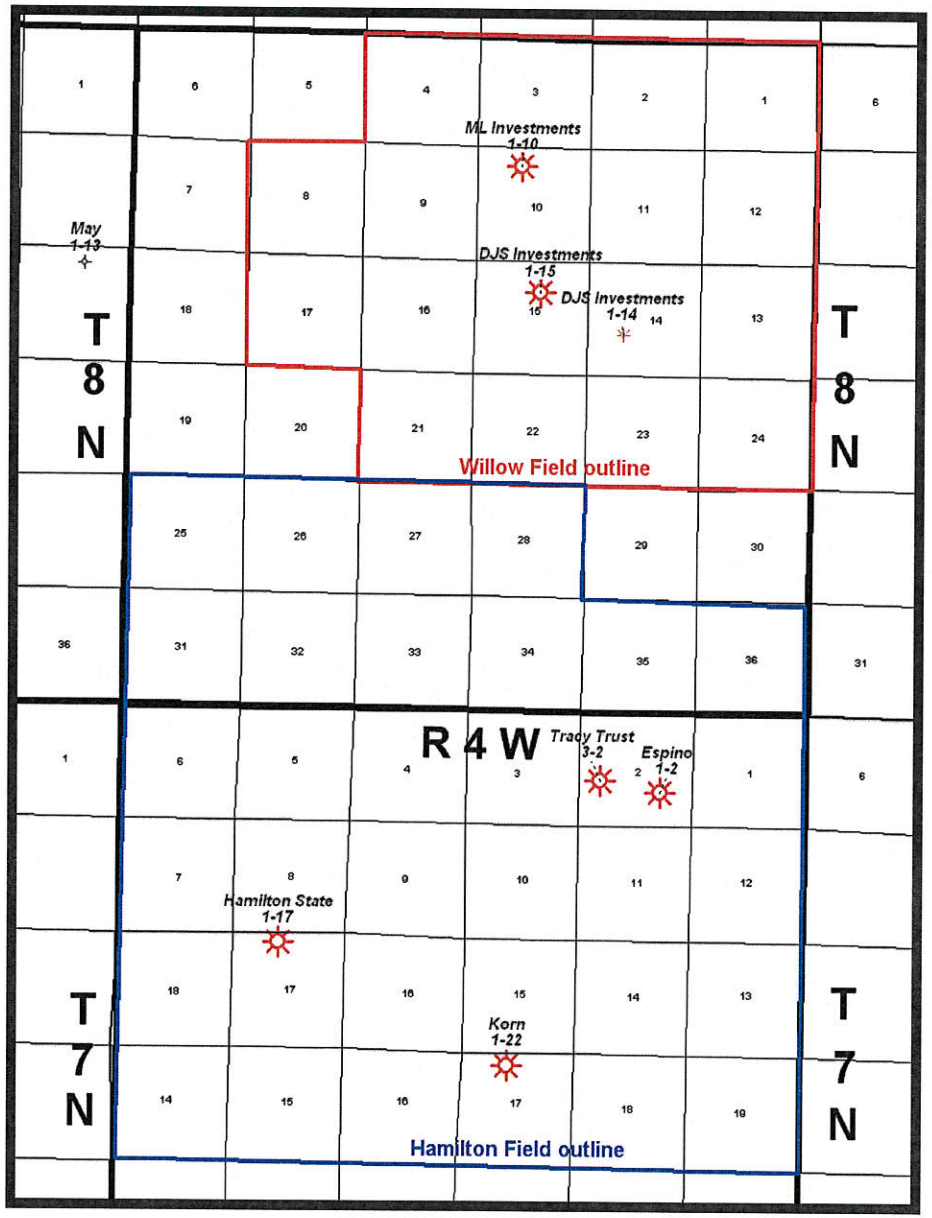


EXHIBIT C

Attached to and made a part of that certain Participation Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Assignment

FORM OF ASSIGNMENT AND BILL OF SALE

ASSIGNMENT AND BILL OF SALE

STATE OF IDAHO §
§
COUNTIES OF GEM and PAYETTE §

_____, whose address 1580 Lincoln Street, Suite 1110, Denver, Colorado 80203, ("Assignor"), in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms, provisions, covenants and conditions hereinafter provided, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER unto _____, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("Assignee"), the following (hereinafter collectively referred to as the "Properties"):

(a) An undivided thirty-six percent (36%) of eight-eighths (8/8ths) (the "Assigned Interest") in the entire estates created by the oil, gas and mineral leases and other oil and gas interests (the "Leases") and lands covered thereby (the "Lands")described in Exhibit "A" attached hereto, together with all property and rights incident thereto, including all rights and interests in any unit or pooled area in which the Leases and/or Lands are included to the extent that such rights and interests arise from and are associated with the Leases and/or Lands, including all rights derived from any unitization, pooling, operating, communitization or other agreement or from any declaration or order of any Governmental Authority having jurisdiction, together with all direct and indirect interests in and rights with respect to oil, gas, minerals and related properties and assets of any kind or nature, including working, royalty and overriding royalty interests, production payments, operating rights, net profits interests, other non-working interests and non-operating interests covering or with respect to the Leases and Lands whether or not specifically described in Exhibit "A";

(b) The Assigned Interest in the oil and/or gas wells located on the Leases and/or Lands, or other leases and/or lands pooled therewith, including, without limitation, the wells described in Exhibit "B" attached hereto (the "Wells");

(c) The Assigned Interest in all rights, privileges, benefits and powers with respect to the use and occupancy of the surface and subsurface depths in and under the Leases and Lands that are necessary or incidental to possession and enjoyment thereof or any interest therein under the terms of the Leases applicable thereto;

(d) The Assigned Interest in all valid and existing gas purchase and sale contracts, operating agreements, participation agreements, prospect agreements, seismic agreements, and other contracts, and agreements relating to the Leases, Lands and the Wells (collectively, the "Contracts");

(e) The Assigned Interest in all permits, easements, rights-of-way, surface leases, franchises, licenses, approvals, consents, certificates, servitudes, surface use agreements, and other similar interests used or held for use in connection with the ownership or operation of the Leases, Lands and/or Wells or with production or treatment of hydrocarbons produced

therefrom, or sale or disposal of water, hydrocarbons or associated substances therefrom or attributable thereto;

(f) The Assigned Interest in all oil, gas, and related hydrocarbons and other minerals produced from and after the Effective Time attributable to the Leases, Lands and Wells;

(g) The Assigned Interest in all wellbores, fixtures, equipment, and other property, both movable and immovable, by attachment or otherwise that are used or held for use in connection with the Leases, Lands and/or Wells, appurtenant thereto, or directly used or obtained in connection with the Leases, Lands and/or Wells or with the production, treatment, sale, or disposal of hydrocarbons or waste produced therefrom or attributable thereto, including, without limitation, all gathering systems, pipelines, processing systems, plants, compressors, meters, injection wells, salt water disposal wells and facilities, well equipment, casing, tanks, buildings, tubing, pipeline pipe (including, without limitation, the approximately eight and a half (8-1/2) miles of pipeline pipe owned by Seller and located in Idaho and Utah), pumps, motors, fixtures, machinery, power lines, roads, field processing plants and all other equipment and improvements to the extent used in the operation of the Wells, Leases and/or Lands (collectively, the "Equipment");

(h) All other properties and interests (real, personal, contractual or mixed) including without limitation, to the extent transferable at no cost or expense to Assignor, or that Assignee, at its sole option, agrees to pay any transfer cost or expense, geological, geophysical and seismic data, owned by Assignor in whole or in part, to the extent they are used or held for use in connection with the Assigned Interest Leases, Lands and/or Wells; and

(i) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the Assigned Interest in the Properties in the possession of, and maintained by, Assignor.

TO HAVE AND TO HOLD the Properties unto Assignee, its successors and assigns, subject to the terms and provisions hereof, forever. Assignor forever warrants and defends title to the Properties against all persons claiming by, through or under Assignor, but not otherwise.

This Assignment and Bill of Sale ("Assignment") is made subject to the terms, provisions, covenants and conditions of the following contracts:

1. The Leases and all other instruments recorded in the real property records of the County Clerk's office as of the effective date of this Assignment that affect the Properties described in the attached Exhibit "A".

2. All terms of the Purchase and Sale agreement dated effective January 1, 2012, between Assignor and Assignee (the "PSA").

3. EXCEPT WITH RESPECT TO THE REPRESENTATIONS AND WARRANTIES ASSIGNOR MADE IN THE PSA, ASSIGNOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE QUANTITY, QUALITY, CONDITION, SIZE, WEIGHT, SERVICEABILITY, OR ANY OTHER ASPECT OF THE WELLS, WELLBORES, FIXTURES, EQUIPMENT, OR OTHER PERSONAL PROPERTY THAT CONSTITUTE THE PROPERTIES AND THAT ARE BEING CONVEYED HEREBY TO ASSIGNEE AS IS, WHERE IS,

AND WITH ALL FAULTS AND DEFECTS AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR. ASSIGNOR SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED (OTHER THAN THOSE MADE IN THE PSA), THAT THE PROPERTIES, OR ANY PORTION THEREOF, ARE IN COMPLIANCE WITH ANY FEDERAL OR STATE ENVIRONMENTAL RULES OR REGULATIONS.

4. ASSIGNEE SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNOR, ITS EMPLOYEES AND AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM (as defined below.):

(a) ARISING FROM OR RELATING TO, WHOLLY OR IN PART, THE OPERATION OR OWNERSHIP OF THE PROPERTIES ON OR AFTER THE EFFECTIVE DATE OF THIS ASSIGNMENT, OR

(b) RELATING TO THE PROPERTIES WHICH ARE EXCLUDED FROM ASSIGNORS' INDEMNITY OBLIGATION.

5. ASSIGNOR SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNEE, ITS EMPLOYEES AND AGENTS, SUCCESSORS, ATTORNEYS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM SOLELY ARISING FROM OR RELATING TO THE OWNERSHIP OF THE PROPERTIES PRIOR TO THE EFFECTIVE DATE OF THIS ASSIGNMENT, PROVIDED, HOWEVER, ASSIGNOR'S INDEMNITY OBLIGATION SHALL NOT APPLY TO ANY CLAIM RELATING TO THE ASSUMED ENVIRONMENTAL OBLIGATIONS, AS SUCH TERM IS DEFINED IN THE PSA

6. THE PARTY CLAIMING A RIGHT TO INDEMNITY HEREUNDER SHALL, AS SOON AS IT IS REASONABLY PRACTICABLE: (I) NOTIFY THE INDEMNIFYING PARTY IN WRITING OF ANY CLAIM AS TO WHICH INDEMNITY IS SOUGHT, GIVING FULL PARTICULARS IN REASONABLE DETAIL; (II) COOPERATE WITH THE INDEMNIFYING PARTY IN THE DEFENSE OF SUCH CLAIM; AND (III) NOT MAKE OR AGREE TO ANY SETTLEMENT OF SUCH CLAIM WITHOUT THE INDEMNIFYING PARTY'S WRITTEN CONSENT, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

7. THE TERM "CLAIM", AS USED HEREIN, MEANS ANY AND ALL DIRECT OR INDIRECT, DEMANDS, CLAIMS, NOTICES OF VIOLATION, NOTICES OF PROBABLE VIOLATION, FILINGS, INVESTIGATIONS, ADMINISTRATIVE PROCEEDINGS, ACTIONS, CAUSES OF ACTION, SUITS, AND OTHER LEGAL PROCEEDINGS, JUDGMENTS, ASSESSMENTS, DAMAGES, DEFICIENCIES, TAXES, PENALTIES, FINES, OBLIGATIONS, RESPONSIBILITIES, LIABILITIES, PAYMENTS, CHARGES, COSTS, AND EXPENSES (INCLUDING WITHOUT LIMITATION COSTS AND EXPENSES OF OPERATING THE PROPERTIES) OF ANY KIND OR CHARACTER (WHETHER OR NOT ASSERTED PRIOR TO THE CLOSING DATE, AND WHETHER KNOWN OR UNKNOWN, FIXED OR UNFIXED, CONDITIONAL OR UNCONDITIONAL, BASED ON NEGLIGENCE, STRICT LIABILITY, BREACH OF REPRESENTATION, WARRANTY OR AGREEMENT, OR OTHERWISE, CHOATE OR INCHOATE, LIQUIDATED OR UNLIQUIDATED, SECURED OR UNSECURED, ACCRUED, ABSOLUTE, CONTINGENT, OR OTHERWISE), INCLUDING WITHOUT LIMITATION PENALTIES AND INTEREST ON ANY AMOUNT PAYABLE AS A RESULT OF ANY OF THE FOREGOING, ANY LEGAL OR OTHER COSTS AND EXPENSES INCURRED IN CONNECTION WITH INVESTIGATING OR DEFENDING ANY CLAIM, AND ALL AMOUNTS PAID IN

SETTLEMENT OF CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE TERM "CLAIMS" SPECIFICALLY INCLUDES, WITHOUT LIMITATION, ANY AND ALL CLAIMS ARISING FROM, ATTRIBUTABLE TO OR INCURRED IN CONNECTION WITH ANY (I) BREACH OF CONTRACT, (II) LOSS OR DAMAGE TO PROPERTY, INJURY TO OR DEATH OF PERSONS, AND OTHER TORTIOUS INJURY, AND (III) VIOLATIONS OF APPLICABLE LAWS, RULES, REGULATIONS, ORDERS OR ANY OTHER LEGAL RIGHT OR DUTY ACTIONABLE AT LAW OR EQUITY.

8. This Assignment and all rights, reservations and covenants in connection therewith shall be considered covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

[Signature pages follow]

IN WITNESS WHEREOF, this Assignment is dated effective as of January 1, 2012, but executed as of the date set forth below as acknowledged.

ASSIGNOR:

_____

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of March, 2012, by _____, the _____ of _____, a _____ corporation, on behalf of said corporation.

_____
Notary Public in and for the
State of Colorado

ASSIGNEE:

_____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the _____ day of March, 2012, by _____, the _____ of _____, a _____ limited liability company, on behalf of said limited liability company.

_____
Notary Public in and for the
State of Texas

EXHIBIT A

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between _____. and _____

LEASES

THE OIL, GAS AND MINERAL LEASES

EXHIBIT B

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between _____. and _____

WELLS

EXHIBIT D

Attached to and made a part of that certain Participation Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Operating Agreement

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

_____ , _____ , the Effective Date
year

OPERATOR **AM Idaho, LLC**

CONTRACT AREA _____

_____

_____

_____

_____

COUNTIES OF **Canyon, Gem, Payette and Washington** , STATE OF **Idaho**
Malheur, STATE OF **Oregon**

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between _____, hereinafter designated and referred to as "Operator," and the signatory party or parties other than Operator, sometimes hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WITNESSETH:

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A," and the parties hereto have reached an agreement to explore and develop these Leases and/or Oil and Gas Interests for the production of Oil and Gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder.

B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well capable of producing ↓ Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation.

C. The term "Contract Area" shall mean all of the lands, Oil and Gas Leases and/or Oil and Gas Interests intended to be developed and operated for Oil and Gas purposes under this agreement. Such lands, Oil and Gas Leases and Oil and Gas Interests are described in Exhibit "A."

D. The term "Deepen" shall mean a single operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the Deepest Zone proposed in the associated AFE.

E. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

F. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any such rule or order, a Drilling Unit shall be the drilling unit as established by the pattern of drilling in the Contract Area unless fixed by express agreement of the Drilling Parties.

G. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located.

H. The term "Initial Well" shall mean the well required to be drilled by the parties hereto as provided in Article VI.A.

I. The term "Non-Consent Well" shall mean a well in which less than all parties have conducted an operation as provided in Article VI.B.2.

J. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

K. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and/or all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

L. The term "Oil and Gas Interests" or "Interests" shall mean unleased fee and mineral interests in Oil and Gas in tracts of land lying within the Contract Area which are owned by parties to this agreement.

M. The terms "Oil and Gas Lease," "Lease" and "Leasehold" shall mean the oil and gas leases or interests therein covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

N. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone.

O. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore.

P. The term "Rework" shall mean an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include, but are not limited to, well stimulation operations but exclude any routine repair or maintenance work or drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well.

Q. The term "Sidetrack" shall mean the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or drill around junk in the hole to overcome other mechanical difficulties.

R. The term "Zone" shall mean a stratum of earth containing or thought to contain a common accumulation of Oil and Gas separately producible from any other common accumulation of Oil and Gas.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the word "person" includes natural and artificial persons, the plural includes the singular, and any gender includes the masculine, feminine, and neuter.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

__x__ A. Exhibit "A," shall include the following information:
(1) Description of lands subject to this agreement,
(2) Restrictions, if any, as to depths, formations, or substances,
(3) Parties to agreement with addresses and telephone numbers for notice purposes,
(4) Percentages or fractional interests of parties to this agreement,
(5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,
(6) Burdens on production.

__x__ B. Exhibit "B," ↓Reporting Requirements / Geological Information

__x__ C. Exhibit "C," Accounting Procedure.

__x__ D. Exhibit "D," Insurance.

__x__ E. Exhibit "E," Gas Balancing Agreement.

__x__ F. Exhibit "F," ↓Memorandum of Operating Agreement and Financing Statement

If any provision of any exhibit, except Exhibits "E," and "F"," is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an Oil and Gas Interest in the Contract Area, that Interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by form of a mutually acceptable Oil and Gas Lease, and the owner thereof shall be deemed to own both royalty interest in such lease and the interest of the lessee thereunder.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties as their interests are set forth in Exhibit "A." In the same manner, the parties shall also own all production of Oil and Gas from the Contract Area subject, however, to the payment of royalties and other burdens on production as described hereafter.

Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of, burdens on production as set out in Exhibit "A" and shall indemnify, defend and hold the other parties free from any liability therefor. Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend and hold the other parties hereto harmless from any and all claims attributable to such excess burden. However, so long as the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s) which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any liability therefor.

No party shall ever be responsible, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby, and in the event two or more parties contribute to this agreement jointly owned Leases, the parties' undivided interests in said Leaseholds shall be deemed separate leasehold interests for the purposes of this agreement.

C. Subsequently Created Interests:

If any party has contributed hereto a Lease or Interest that is burdened with an assignment of production given as security for the payment of money, or if, after the date of this agreement, any party creates an overriding royalty, production payment, net profits interest, assignment of production or other burden payable out of production attributable to its working interest hereunder, such burden shall be deemed a "Subsequently Created Interest." Further, if any party has contributed hereto a Lease or Interest burdened with an overriding royalty, production payment, net profits interests, or other burden payable out of production created prior to the date of this agreement, and such burden is not shown on Exhibit "A," such burden also shall be deemed a Subsequently Created Interest to the extent such burden causes the burdens on such party's Lease or Interest to exceed the amount stipulated in Article III.B. above.

The party whose interest is burdened with the Subsequently Created Interest (the "Burdened Party") shall assume and alone bear, pay and discharge the Subsequently Created Interest and shall indemnify, defend and hold harmless the other parties from and against any liability therefor. Further, if the Burdened Party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the Subsequently Created Interest in the same manner as they are enforceable against the working interest of the Burdened Party. If the Burdened Party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said Subsequently Created Interest, and the Burdened Party shall indemnify, defend and hold harmless said other party, or parties, from any and all claims and demands for payment asserted by owners of the Subsequently Created Interest.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the Drillsite of any proposed well prior to commencement of drilling operations and, if a majority in interest of the Drilling Parties so request or Operator so elects, title examination shall be made on the entire Drilling Unit, or maximum anticipated Drilling Unit, of the well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable Leases. Each party contributing Leases and/or Oil and Gas Interests to be included in the Drillsite or Drilling Unit, if appropriate, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each Drilling Party. Costs incurred by Operator in procuring abstracts, fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in royalty opinions and division order title opinions) and other direct charges as provided in Exhibit "C" shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Operator shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by each party. Operator shall be responsible for the preparation and recording of pooling designations or declarations and communitization agreements as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders or any other orders necessary or appropriate to the conduct of operations hereunder. This shall not prevent any party from appearing on its own behalf at such hearings. Costs incurred by Operator, including fees paid to outside attorneys, which are associated with hearings before governmental agencies, and which costs are necessary and proper for the activities contemplated under this agreement, shall be direct charges to the joint account and shall not be covered by the administrative overhead charges as provided in Exhibit "C."

Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

No well shall be drilled on the Contract Area until after the title has been accepted by a majority interest of the Drilling Parties in such well.

B. Loss or Failure of Title:

3. All Losses: All losses of Leases or Interests committed to this agreement, shall be joint losses and shall be borne by all parties in proportion to their interests shown on Exhibit "A." This shall include but not be limited to the loss of any Lease or Interest through failure to develop or because express or implied covenants have not been performed (other than performance which requires only the payment of money), and the loss of any Lease by expiration at the end of its primary term if it is not renewed or extended. There shall be no readjustment of interests in the remaining portion of the Contract Area on account of any joint loss.

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

_____ shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed only for good cause by the affirmative vote of Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator; such vote shall not be deemed effective until a written notice has been delivered to the Operator by a Non-Operator detailing the alleged default and Operator has failed to cure the default within thirty (30) days from its receipt of the notice or, if the default concerns an operation then being conducted, within forty-eight (48) hours of its receipt of the notice. For purposes hereof, "good cause" shall mean not only gross negligence or willful misconduct but also the material breach of or inability to meet the standards of operation contained in Article V.A. or material failure or inability to perform its obligations under this agreement.

↓exclusive of Saturdays and Sundays and legal holidays

Subject to Article VII.D.1., such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator under any provision of this agreement, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed or is deemed to have resigned fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of the party or parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed or resigned. The former Operator shall promptly deliver to the successor Operator all records and data relating to the operations conducted by the former Operator to the extent such records and data are not already in the possession of the successor operator. Any cost of obtaining or copying the former Operator's records and data shall be charged to the joint account.

3. Effect of Bankruptcy: If Operator becomes insolvent, bankrupt or is placed in receivership, it shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. If a petition for relief under the federal bankruptcy laws is filed by or against Operator, and the removal of Operator is prevented by the federal bankruptcy court, all Non-Operators and Operator shall comprise an interim operating committee to serve until Operator has elected to reject or assume this agreement pursuant to the Bankruptcy Code, and an election to reject this agreement by Operator as a debtor in possession, or by a trustee in bankruptcy, shall be deemed a resignation as Operator without any action by Non-Operators, except the selection of a successor. During the period of time the operating committee controls operations, all actions shall require the approval of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A." In the event there are only two (2) parties to this agreement, during the period of time the operating committee controls operations, a third party acceptable to Operator, Non-Operator and the federal bankruptcy court shall be selected as a member of the operating committee, and all actions shall require the approval of two (2) members of the operating committee without regard for their interest in the Contract Area based on Exhibit "A."

C. Employees and Contractors:

The number of employees or contractors used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees or contractors shall be the employees or contractors of Operator.

D. Rights and Duties of Operator:

1. Competitive Rates and Use of Affiliates: All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature. All work performed or materials supplied by affiliates or related parties of Operator shall be performed or supplied at competitive rates, pursuant to written agreement, and in accordance with customs and standards prevailing in the industry.

↑for comparable equipment and personnel

2. Discharge of Joint Account Obligations: Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in Exhibit "C." Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

3. Protection from Liens: Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in respect of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from

liens and encumbrances resulting therefrom except for those resulting from a bona fide dispute as to services rendered or materials supplied.

4. Custody of Funds: Operator shall hold for the account of the Non-Operators any funds of the Non-Operators advanced or paid to the Operator, either for the conduct of operations hereunder or as a result of the sale of production from the Contract Area, and such funds shall remain the funds of the Non-Operators on whose account they are advanced or paid until used for their intended purpose or otherwise delivered to the Non-Operators or applied toward the payment of debts as provided in Article VII.B. Nothing in this paragraph shall be construed to establish a fiduciary relationship between Operator and Non-Operators for any purpose other than to account for Non-Operator funds as herein specifically provided. Nothing in this paragraph shall require the maintenance by Operator of separate accounts for the funds of Non-Operators unless the parties otherwise specifically agree.

5. Access to Contract Area and Records: Operator shall, except as otherwise provided herein, permit each Non-Operator or its duly authorized representative, at the Non-Operator's sole risk and cost, full and free access at all reasonable times to all operations of every kind and character being conducted for the joint account on the Contract Area and to the records of operations conducted thereon or production therefrom, including Operator's books and records relating thereto. Such access rights shall not be exercised in a manner interfering with Operator's conduct of an operation hereunder and shall not obligate Operator to furnish any geologic or geophysical data of an interpretive nature unless the cost of preparation of such interpretive data was charged to the joint account. Operator will furnish to each Non-Operator upon request copies of any and all reports and information obtained by Operator in connection with production and related items, including, without limitation, meter and chart reports, production purchaser statements, run tickets and monthly gauge reports, but excluding purchase contracts and pricing information to the extent not applicable to the production of the Non-Operator seeking the information. Any audit of Operator's records relating to amounts expended and the appropriateness of such expenditures shall be conducted in accordance with the audit protocol specified in Exhibit "C."

6. Filing and Furnishing Governmental Reports: Operator will file, and upon written request promptly furnish copies to each requesting Non-Operator not in default of its payment obligations, all operational notices, reports or applications required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder. Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

7. Drilling and Testing Operations: The following provisions shall apply to each well drilled hereunder, including but not limited to the Initial Well:

(a) Operator will promptly advise Non-Operators of the date on which the well is spudded, or the date on which drilling operations are commenced.

(b) Operator will send to Non-Operators such reports, test results and notices regarding the progress of operations on the well as the Non-Operators shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

(c) Operator shall adequately test all Zones encountered which may reasonably be expected to be capable of producing Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted hereunder.

8. Cost Estimates: Upon request of any Consenting Party, Operator shall furnish estimates of current and cumulative costs incurred for the joint account at reasonable intervals during the conduct of any operation pursuant to this agreement. Operator shall not be held liable for errors in such estimates so long as the estimates are made in good faith.

9. Insurance: At all times while operations are conducted hereunder, Operator shall comply with the workers compensation law of the state where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event automobile liability insurance is specified in said Exhibit "D," or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's automotive equipment.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the _____ day of _____, _____, Operator shall commence the drilling of the Initial Well at the following location:

and shall thereafter continue the drilling of the well with due diligence to

The drilling of the Initial Well and the participation therein by all parties is obligatory, subject to Article VI.C.1. as to participation in Completion operations and Article VI.F. as to termination of operations and Article XI as to occurrence of force majeure.

B. Subsequent Operations:

1. Proposed Operations: If any party hereto should desire to drill any well on the Contract Area other than the Initial Well, or if any party should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under this agreement, the party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone

under this agreement and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a notice is delivered shall have thirty (30) days after receipt of the notice within which to notify the party proposing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone and the response period shall be limited to forty-eight (48) hours. Failure of a party to whom such notice is delivered to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be contractually committed to participate therein provided such operations are commenced within the time period hereafter set forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of the parties participating therein; provided, however, said commencement date may be extended upon written notice of same by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation, reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance with Article VI.B.5. in the event of a Sidetracking operation.

2. Operations by Less Than All Parties:

(a) Determination of Participation. If any party to whom such notice is delivered as provided in Article VI.B.1. or VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no later than ninety (90) days after the expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (ii) designate one of the Consenting Parties as Operator to perform such work. The rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise all Parties of the total interest of the parties approving such operation and its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours after delivery of such notice, shall advise the proposing party of its desire to (i) limit participation to such party's interest as shown on Exhibit "A" or (ii) carry only its proportionate part (determined by dividing such party's interest in the Contract Area by the interests of all Consenting Parties in the Contract Area) of Non-Consenting Parties' interests, or (iii) carry its proportionate part (determined as provided in (ii)) of Non-Consenting Parties' interests together with all or a portion of its proportionate part of any Non-Consenting Parties' interests that any Consenting Party did not elect to take. Any interest of Non-Consenting Parties that is not carried by a Consenting Party shall be deemed to be carried by the party proposing the operation if such party does not withdraw its proposal. Failure to advise the proposing party within the time required shall be deemed an election under (i). In the event a drilling rig is on location, notice may be given by telephone, mail, facsimile or email and the time permitted for such a response shall not exceed a total of forty-eight (48) hours. The proposing party, at its election, may withdraw such proposal if there is less than 100% participation and shall notify all parties of such decision within ten (10) days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period. If 100% subscription to the proposed operation is obtained, the proposing party shall promptly notify the Consenting Parties of their proportionate interests in the operation and the party serving as Operator shall commence such operation within the period provided in Article VI.B.1., subject to the same extension right as provided therein.

(b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, then subject to and VI.E.3., the Consenting Parties shall plug and abandon the well and restore the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not increased by the subsequent operations of the Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened, Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking, Sidetracking, Recompleting, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking,

Deepening, Recompleting or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes, royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production from such well accruing with respect to such interest until it reverts), shall equal the total of the following:

(i) 200.0 % of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning of the operations; and

(ii) 500.0 % of (a) that portion of the costs and expenses of drilling, Reworking, Sidetracking, Deepening, Plugging Back, testing, Completing, and Recompleting, after deducting any cash contributions received under Article VIII.C., and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

(c) Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties 500.0 % of that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to such Non-Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting Parties in said well.

(d) Recoupment Matters. During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all ad valorem, production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.C.

In the case of any Reworking, Sidetracking, Plugging Back, Recompleting or Deepening operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such Reworking, Sidetracking, Plugging Back, Recompleting or Deepening, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, Sidetracking, Deepening, Plugging Back, testing, Completing, Recompleting, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of Oil and Gas produced during any month, Consenting Parties shall use industry accepted methods such as but not limited to metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the day following the day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, Sidetracking, Reworking, Deepening, Recompleting or Plugging Back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and Exhibit "C" attached hereto.

3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking,

Sidetracking, Deepening, Recompleting, Plugging Back or Completing operation in such a well (including the period required under Article VI.B.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted, whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms of the second grammatical paragraph of Article VI.B.2. (a), shall be charged to and borne as part of the proposed operation, but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all Consenting Parties.

↓or Deepening

In the event that notice for a Sidetracking operation is given while the drilling rig to be utilized is on location, any party may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in Article VI.B.1. within which to respond by paying for all stand-by costs and other costs incurred during such extended response period; Operator may require such party to pay the estimated stand-by time in advance as a condition to extending the response period. If more than one party elects to take such additional time to respond to the notice, standby costs shall be allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all the electing parties.

4. Deepening: If less than all parties elect to participate in a drilling, Sidetracking, or Deepening operation proposed pursuant to Article VI.B.1., the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Article VI.B.2. shall relate only and be limited to the lesser of (i) the total depth actually drilled or (ii) the objective depth or Zone of which the parties were given notice under Article VI.B.1. ("Initial Objective"). Such well shall not be Deepened beyond the Initial Objective without first complying with this Article to afford the Non-Consenting Parties the opportunity to participate in the Deepening operation.

In the event any Consenting Party desires to drill or Deepen a Non-Consent Well to a depth below the Initial Objective, such party shall give notice thereof, complying with the requirements of Article VI.B.1., to all parties (including Non-Consenting Parties). Thereupon, Articles VI.B.1. and 2. shall apply and all parties receiving such notice shall have the right to participate or not participate in the Deepening of such well pursuant to said Articles VI.B.1. and 2. If a Deepening operation is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation, such Non-Consenting party shall pay or make reimbursement (as the case may be) of the following costs and expenses.

(a) If the proposal to Deepen is made prior to the Completion of such well as a well capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other provisions of this Agreement; provided, however, all costs for testing and Completion or attempted Completion of the well incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the sole account of Consenting Parties.

(b) If the proposal is made for a Non-Consent Well that has been previously Completed as a well capable of producing in paying quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and equipping said well from the surface to the Initial Objective, calculated in the manner provided in paragraph (a) above, less those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall also pay its proportionate share of all costs of re-entering said well. The Non-Consenting Parties' proportionate part (based on the percentage of such well Non-Consenting Party would have owned had it previously participated in such Non-Consent Well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in connection with such well shall be determined in accordance with Exhibit "C." If the Consenting Parties have recouped the cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the well for Deepening

The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article VI.F.

5. Sidetracking: Any party having the right to participate in a proposed Sidetracking operation that does not own an interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore to be utilized as follows:

(a) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is initiated.

(b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is conducted, calculated in the manner described in Article VI.B.4(b) above. Such party's proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking operation is initiated shall be determined in accordance with the provisions of Exhibit "C."

7. Conformity to Spacing Pattern. Notwithstanding the provisions of this Article VI.B.2., it is agreed that no wells shall be proposed to be drilled to or Completed in or produced from a Zone from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such Zone / or has been approved as an exception to the then-existing spacing pattern for such zone by the appropriate agency.

8. Paying Wells. No party shall conduct any Reworking, Deepening, Plugging Back, Completion, Recompletion, or Sidetracking operation under this agreement with respect to any well then capable of producing in paying quantities except with the consent of all parties that have not relinquished interests in the well at the time of such operation.

C. Completion of Wells; Reworking and Plugging Back:

1. Completion: Without the consent of all parties, no well shall be drilled, Deepened or Sidetracked, except any well drilled, Deepened or Sidetracked pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the drilling, Deepening or Sidetracking shall include:

☑ Option No. 2: All necessary expenditures for the drilling, Deepening or Sidetracking and testing of the well. When such well has reached its authorized depth, and all logs, cores and other tests have been completed, and the results

thereof furnished to the parties, Operator shall give immediate notice to the Non-Operators having the right to participate in a Completion attempt whether or not Operator recommends attempting to Complete the well, together with Operator's AFE for Completion costs if not previously provided. The parties receiving such notice shall have / fifteen (15) days, or, if a rig is on location, forty-eight (48) hours in which to elect by delivery of notice to Operator to participate in a recommended Completion attempt or to make a Completion proposal with an accompanying AFE. Operator shall deliver any such Completion proposal, or any Completion proposal conflicting with Operator's proposal, to the other parties entitled to participate in such Completion in accordance with the procedures specified in Article VI.B.6. Election to participate in a Completion attempt shall include consent to all necessary expenditures for the Completing and equipping of such well, including necessary tankage and/or surface facilities / including, but not limited to, pipelines, flow lines, meters and meter sites, taps and tap sites, but excluding any stimulation operation not contained on the Completion AFE. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the Completion attempt; provided, that Article VI.B.6. shall control in the case of conflicting Completion proposals. If one or more, but less than all of the parties, elect to attempt a Completion, the provision of Article VI.B.2. hereof (the phrase "Reworking, Sidetracking, Deepening, Recompleting or Plugging Back" as contained in Article VI.B.2. shall be deemed to include "Completing") shall apply to the operations thereafter conducted by less than all parties; provided, however, that Article VI.B.2. shall apply separately to each separate Completion or Recompletion attempt undertaken hereunder, and an election to become a Non-Consenting Party as to one Completion or Recompletion attempt shall not prevent a party from becoming a Consenting Party in subsequent Completion or Recompletion attempts regardless whether the Consenting Parties as to earlier Completions or Recompletion have recouped their costs pursuant to Article VI.B.2.; provided further, that any recoupment of costs by a Consenting Party shall be made solely from the production attributable to the Zone in which the Completion attempt is made. Election by a previous Non-Consenting party to participate in a subsequent Completion or Recompletion attempt shall require such party to pay its proportionate share of the cost of salvable materials and equipment installed in the well pursuant to the previous Completion or Recompletion attempt, insofar and only insofar as such materials and equipment benefit the Zone in which such party participates in a Completion attempt.

2. Rework, Recomplete or Plug Back: No well shall be Reworked, Recompleted or Plugged Back except a well Reworked, Recompleted, or Plugged Back pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the Reworking, Recompleting or Plugging Back of a well shall include all necessary expenditures in conducting such operations and Completing and equipping of said well, including necessary tankage and/or surface facilities.

D. Other Operations:

Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifty Thousand and no/100 Dollars ($ 50,000.00) except in connection with the drilling, Sidetracking, Reworking, Deepening, Completing, Recompleting or Plugging Back of a well that has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares an AFE for its own use, Operator shall furnish any Non-Operator so requesting an information copy thereof for any single project costing in excess of Fifty Thousand and no/100 Dollars ($ 50,000.00). Any party who has not relinquished its interest in a well shall have the right to propose that Operator perform repair work or undertake the installation of artificial lift equipment or ancillary production facilities such as salt water disposal wells or to conduct additional work with respect to a well drilled hereunder or other similar project reasonably estimated to require an expenditure in excess of the amount first set forth above in this Article VI.D. (except in connection with an operation required to be proposed under Articles VI.B.1. or VI.C.1. Option No. 2, which shall be governed exclusively be those Articles). Operator shall deliver such proposal to all parties entitled to participate therein. If within thirty (30) days thereof Operator secures the written consent of any party or parties owning at least 60.0 % of the interests of the parties entitled to participate in such operation, each party having the right to participate in such project shall be bound by the terms of such proposal and shall be obligated to pay its proportionate share of the costs of the proposed project as if it had consented to such project pursuant to the terms of the proposal.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled or Deepened pursuant to Article VI.B.2., any well which has been drilled or Deepened under the terms of this agreement and is proposed to be completed as a dry hole shall not be

plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours after delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling or Deepening such well. Any party who objects to plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours after delivery of notice of the proposed plugging shall take over the well as of the end of such forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and restoring the surface, for which the abandoning parties shall remain proportionately liable.

2. Abandonment of Wells That Have Produced: Except for any well in which a Non-Consent operation has been conducted hereunder for which the Consenting Parties have not been fully reimbursed as herein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. Failure of a party to reply within thirty (30) days of delivery of notice of proposed abandonment shall be deemed an election to consent to the proposal. If, within thirty (30) days after delivery of notice of the proposed abandonment of any well, all parties do not agree to the abandonment of such well, those wishing to continue its operation from the Zone then open to production shall be obligated to take over the well as of the expiration of the applicable notice period and shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations on the well conducted by such parties. Failure of such party or parties to provide proof reasonably satisfactory to Operator of their financial capability to conduct such operations or to take over the well within the required period or thereafter to conduct operations on such well shall entitle operator to retain or take possession of such well and plug and abandon the well.

Parties taking over a well as provided herein shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all of its interest in the wellbore of the well and related equipment, together with its interest in the Leasehold insofar and only insofar as such Leasehold covers the right to obtain production from that wellbore in the Zone then open to production. If the interest of the abandoning party is or includes and Oil and Gas Interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the wellbore and the Zone then open to production, for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the Zone covered thereby, such lease to be on a mutually agreeable form. The assignments or leases so limited shall encompass the Drilling Unit upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interests in the remaining portions of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the Zone then open other than the royalties retained in any lease made under the terms of this Article. Upon proposed abandonment of the producing Zone assigned or leased, the assignor or lessor shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in further operations therein subject to the provisions hereof.

3. Abandonment of Non-Consent Operations: The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as between Consenting Parties in the event of the proposed abandonment of any well excepted from said Articles; provided, however, no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well in accordance with the provisions of this Article VI.E.; and provided further, that Non-Consenting Parties who own an interest in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as provided in Article VI.B.2.(b).

F. Termination of Operations:

Upon the commencement of an operation for the drilling, Reworking, Sidetracking, Plugging Back, Deepening, testing, Completion or plugging of a well, including but not limited to the Initial Well, such operation shall not be terminated without consent of parties bearing 60 % of the costs of such operation; provided, however, that in the event granite or other practically impenetrable substance or condition in the hole is encountered which renders further operations impractical, Operator may discontinue operations and give notice of such condition in the manner provided in Article VI.B.1, and the provisions of Article VI.B. or VI.E. shall thereafter apply to such operation, as appropriate.

G. Taking Production in Kind:

☑ **Option No. 1: Gas Balancing Agreement Attached**

Each party shall have the option to take in kind and separately dispose of its proportionate share of all Oil and Gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind and separate disposition by any party of its proportionate share of the production shall be borne by such party. Any party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment

directly from the purchaser thereof for its share of all production.

If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil or sell it to others at any time and from time to time, for the account of the non-taking party at the same price obtained for Operator's share of production under an arms length third party purchase or sales contract. Any such purchase or sale by Operator may be terminated by Operator upon at least thirty (30) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least thirty (30) days written notice to Operator to exercise at any time its right to take in kind, or separately dispose of, its share of all Oil. Any purchase or sale by Operator of any other party's share of Oil shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year provided however, that the effective date of any such revocation may be deferred at Operator's election for a period not to exceed ninety (90) days if Operator has committed such production to a purchase contract having a term extending beyond such thirty (30) day period .

Any such sale of Oil and Gas by Operator shall be in a manner commercially reasonable under the circumstances but Operator shall have no duty to share any existing market or to obtain a price equal to that received under any existing market. The sale or delivery by Operator of a non-taking party's share of Oil and Gas under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase shall be made by Operator without first giving the non-taking party at least ten (10) days written notice of such intended purchase and the price to be paid or the pricing basis to be used.

All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.

In the event one or more parties shall fail to take in kind or separately dispose of its/their proportionate share of gas, and if such partie's separate disposition of its/their share of the Gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with any Gas balancing agreement between the parties hereto, whether such an agreement is attached as Exhibit "E" or is a separate agreement. Operator shall give notice to all parties of the first sales of Gas from any well under this agreement. If any party creates the necessity for separate measurement facilities such party shall bear all costs related to purchase, installation and maintenance of such facilities.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship but rather shall be free to act on an arm's-length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

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B. Liens and Security Interests:

Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid hereunder, the assignment or relinquishment of interest in Oil and Gas Leases as required hereunder, and the proper performance of operations hereunder. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of Oil and/or Gas at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording supplement and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform Commercial Code in the state in which the Contract Area is situated and such other states as Operator shall deem appropriate to perfect the security interest granted hereunder. Any party may file this agreement, the recording supplement executed herewith, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a financing statement with the proper officer under the Uniform Commercial Code.

Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by this Article VII.B. as to all obligations attributable to such interest hereunder whether or not such obligations arise before or after such interest is acquired.

To the extent that parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed 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 party in the payment of its share of expenses, interests or fees, or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest as provided in "Exhibit C," has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas.

If any party fails to pay its share of cost within one hundred twenty (120) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in Article VII.B., and each paying party may independently pursue any remedy available hereunder or otherwise.

If any party does not perform all of its obligations hereunder, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisement of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

Each party agrees that the other parties shall be entitled to utilize the provisions of Oil and Gas lien law or other lien law of any state in which the Contract Area is situated to enforce the obligations of each party hereunder. Without limiting the generality of the foregoing, to the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the payment to Operator of any sum due hereunder for services performed or materials supplied by Operator.

C. Advances:

Advancement of estimated costs shall be in accordance with Article XVI. C.

D. Defaults and Remedies:

If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to make any advance under the Article XVI.C.. or any other provision of this agreement, within the period required for such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered

only by Operator, except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator, and when Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator. Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified below or otherwise available to a non-defaulting party.

1. Suspension of Rights: ↓Upon request by any party, Operator shall deliver to the party in default a Notice of Default, which shall specify the default, specify the action to be taken to cure the default, and specify that failure to take such action will result in the exercise of one or more of the remedies provided in this Article. If the default is not cured within thirty (30) days of the delivery of such Notice of Default, all of the rights of the defaulting party granted by this agreement may upon notice be suspended until the default is cured, without prejudice to the right of the non-defaulting party or parties to continue to enforce the obligations of the defaulting party previously accrued or thereafter accruing under this agreement. If Operator is the party in default, the Non-Operators shall have in addition the right, by vote of Non-Operators owning a majority in interest in the Contract Area after excluding the voting interest of Operator, to appoint a new Operator effective immediately. The rights of a defaulting party that may be suspended hereunder at the election of the non-defaulting parties shall include, without limitation, the right to receive information as to any operation conducted hereunder during the period of such default, the right to elect to participate in an operation proposed under Article VI.B. of this agreement, the right to participate in an operation being conducted under this agreement even if the party has previously elected to participate in such operation, and the right to receive proceeds of production from any well subject to this agreement.

2. Suit for Damages: Non-defaulting parties or Operator for the benefit of non-defaulting parties may sue (at joint account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in Exhibit "C" attached hereto. Nothing herein shall prevent any party from suing any defaulting party to collect consequential damages accruing to such party as a result of the default.

3. Deemed Non-Consent: The non-defaulting party may deliver a written Notice of Non-Consent Election to the defaulting party at any time after the expiration of the thirty-day cure period following delivery of the Notice of Default, in which event if the billing is for the drilling a new well or the Plugging Back, Sidetracking, Reworking or Deepening of a well which is to be or has been plugged as a dry hole, or for the Completion or Recompletion of any well, the defaulting party will be conclusively deemed to have elected not to participate in the operation and to be a Non-Consenting Party with respect thereto under Article VI.B. or VI.C., as the case may be, to the extent of the costs unpaid by such party, notwithstanding any election to participate theretofore made.

Until the delivery of such Notice of Non-Consent Election to the defaulting party, such party shall have the right to cure its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit "C," provided, however, such payment shall not prejudice the rights of the non-defaulting parties to pursue remedies for damages incurred by the non-defaulting parties as a result of the default. Any interest relinquished pursuant to this Article VII.D.3. shall be offered to the non-defaulting parties in proportion to their interests, and the non-defaulting parties electing to participate in the ownership of such interest shall be required to contribute their shares of the defaulted amount upon their election to participate therein.

4. Advance Payment: If a default is not cured within thirty (30) days of the delivery of a Notice of Default, Operator, or Non-Operators if Operator is the defaulting party, may thereafter require advance payment from the defaulting party of such defaulting party's anticipated share of any item of expense for which Operator, or Non-Operators, as the case may be, would be entitled to reimbursement under any provision of this agreement, whether or not such expense was the subject of the previous default. Such right includes, but is not limited to, the right to require advance payment for the estimated costs of drilling a well or Completion of a well as to which an election to participate in drilling or Completion has been made. If the defaulting party fails to pay the required advance payment, the non-defaulting parties may pursue any of the remedies provided in the Article VII.D. or any other default remedy provided elsewhere in this agreement. Any excess of funds advanced remaining when the operation is completed and all costs have been paid shall be promptly returned to the advancing party.

5. Costs and Attorneys' Fees: In the event any party is required to bring legal proceedings to enforce any financial obligation of a party hereunder, the prevailing party in such action shall be entitled to recover all court costs, costs of collection, and a reasonable attorney's fee, which the lien provided for herein shall also secure.

E. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement ↓and billed to the joint account. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.3

Operator shall notify Non-Operators of the anticipated completion of a shut-in well, or the shutting in or return to production of a producing well, at least five (5) days (excluding Saturday, Sunday, and legal holidays) prior to taking such action, or at the earliest opportunity permitted by circumstances, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operators, the loss of any lease contributed hereto by Non-Operators for failure to make timely payments of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

F. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on Leases and Oil and Gas Interests contributed by such Non-Operator. If the assessed valuation of any Lease is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such Lease, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties hereto in accordance with the tax value generated by each party's working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner provided in Exhibit "C."

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C."

Each party shall pay or cause to be paid all production, severance, excise, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of Oil and Gas produced under the terms of this agreement.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any Lease or in any portion thereof, such party shall give written notice of the proposed surrender to all parties, and the parties to whom such notice is delivered shall have thirty (30) days after delivery of the notice within which to notify the party proposing the surrender whether they elect to consent thereto. Failure of a party to whom such notice is delivered to reply within said 30-day period shall constitute a consent to the surrender of the Leases described in the notice. If all parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such Lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not consenting to such surrender. If the interest of the assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not consenting to such surrender an oil and gas lease covering such Oil and Gas Interest for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the land covered thereby, such lease to be on ↓a mutually agreeable form.
Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the interest assigned or leased and the operation of any well attributable thereto, and the assigning party shall have no further interest in the assigned or leased premises and its equipment and production. The party assignee or lessee shall pay to the party assignor or lessor the reasonable salvage value of the latter's interest in any well's salvable materials and equipment attributable to the assigned or leased acreage. The value of all salvable materials and equipment shall be determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. If the assignment or lease is in favor of more than one party, the interest shall be shared by such parties in the proportions that the interest of each bears to the total interest of all such parties. If the interest of the parties to whom the assignment is to be made varies according to depth, then the interest assigned shall similarly reflect such variances.

Any assignment, lease or surrender made under this provision shall not reduce or change the assignor's, or surrendering party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage assigned, leased or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement but shall be deemed subject to an Operating Agreement in the form of this agreement.

B. Renewal, Extension or Acquisition of Leases:

If any party acquires, or secures a renewal or replacement of, an Oil and Gas Lease within the Contract Area, then all other parties shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease, promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following delivery of such notice in which to elect to participate in the ownership of the acquired, renewal or replacement Lease, insofar as such Lease affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the parties in the Contract Area. Each party who participates in the purchase of an acquired, renewal or replacement Lease shall be given an assignment of its proportionate interest therein by the acquiring party.

If some, but less than all, of the parties elect to participate in the purchase of an acquired, renewal or replacement Lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal or replacement Lease. The acquisition of an acquired, renewal or replacement Lease by any or all of the parties hereto shall not cause a readjustment of the interests of the parties stated in Exhibit "A," but any acquired, renewal or replacement Lease in which less than all parties elect to participate shall not be subject to this agreement but shall be deemed subject to a separate Operating Agreement in the form of this agreement.

If the interests of the parties in the Contract Area vary according to depth, then their right to participate proportionately in acquired, renewal or replacement Leases and their right to receive an assignment of interest shall also reflect such depth variances.

The provisions of this Article shall apply to renewal or replacement Leases whether they are for the entire interest covered by the expiring Lease or cover only a portion of its area or an interest therein. Any renewal or replacement Lease taken before the expiration of its predecessor Lease, or taken or contracted for or becoming effective within six (6) months after the expiration of the existing Lease, shall be subject to this provision so long as this agreement is in effect at the time of such acquisition or at the time the renewal or replacement Lease becomes effective; but any Lease taken or contracted for more than six (6) months after the expiration of an existing Lease shall not be deemed a renewal or replacement Lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall also be applicable to extensions of Oil and Gas Leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the extent possible, be governed by provisions identical to this agreement. Each party shall promptly notify all other parties of any acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of well drilled inside Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Assignment; Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the Contract Area in the Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production covered by this agreement no party shall sell, encumber, transfer or make other disposition of its interest in the Oil and Gas Leases and Oil and Gas Interests embraced within the Contract Area or in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production; or

2. an equal undivided percent of the party's present interest in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production in the Contract Area.

Every sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement and shall be made without prejudice to the right of the other parties, and any transferee of an ownership interest in any Oil and Gas Lease or Interest shall be deemed a party to this agreement as to the interest conveyed from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party hereunder with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted hereunder in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. shall continue to burden the interest transferred to secure payment of any such obligations.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interest within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Oil and Gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

E. Waiver of Rights to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure does not exceed Fifty Thousand and No/100 Dollars ($ 50,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expenses of handling settling, or otherwise discharging such claim or suit shall be a the joint expense of the parties participating in the operation from which the claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to indemnify or make money payments or furnish security, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning / fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable. The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties by any of the provisions of this agreement, unless otherwise specifically provided, shall be in writing and delivered in person or by United States mail, courier service, telegram, telex, telecopier / email or any other form of facsimile, postage or charges prepaid, and addressed to such parties at the addresses listed on Exhibit "A." All telephone or oral notices permitted by this agreement shall be confirmed immediately thereafter by written Notice (oral notice will not be considered valid notice unless written confirmation is received with in forty-eight (48) hours of such oral notice) . The originating notice given under any provision hereof shall be deemed delivered only when received by the party to whom such notice is directed, and the time for such party to deliver any notice in response thereto shall run from the date the originating notice is received. "Receipt" for purposes of this agreement with respect to written notice delivered hereunder shall be actual delivery of the notice to the address of the party to be notified specified in accordance with this agreement, or to the telecopy, facsimile, telex machine / or email account of such party. The second or any responsive notice shall be deemed delivered when deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, telecopy, facsimile,/ or email or when personally delivered to the party to be notified, provided, that when response is required within 24 or 48 hours, such response shall be given orally or by telephone, telex, telecopy, email or other facsimile within such period. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties. If a party is not available to receive notice orally or by telephone when a party attempts to deliver a notice required to be delivered within 24 or 48 hours, the notice may be delivered in writing by any other method specified herein and shall be deemed delivered in the same manner provided above for any responsive notice.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this agreement.

☑ Option No. 1: So long as any of the Oil and Gas Leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise.

The termination of this agreement shall not relieve any party hereto from any expense, liability or other obligation or any remedy therefor which has accrued or attached prior to the date of such termination.

Upon termination of this agreement and the satisfaction of all obligations hereunder, in the event a memorandum of this Operating Agreement has been filed of record, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon request of Operator, if Operator has satisfied all its financial obligations.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the applicable laws of the state in which the Contract Area is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations and orders.

B. Governing Law:

This agreement and all matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state of Idaho shall govern.

C. Regulatory Agencies:

Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or

orders promulgated under such laws in reference to oil, gas and mineral operations, including the location, operation, or production of wells, on tracts offsetting or adjacent to the Contract Area.

With respect to the operations hereunder, Non-Operators agree to release Operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation or application of rules, rulings, regulations or orders of the Department of Energy or Federal Energy Regulatory Commission or predecessor or successor agencies to the extent such interpretation or application was made in good faith and does not constitute gross negligence. Each Non-Operator further agrees to reimburse Operator for such Non-Operator's share of production or any refund, fine, levy or other governmental sanction that Operator may be required to pay as a result of such an incorrect interpretation or application, together with interest and penalties thereon owing by Operator as a result of such incorrect interpretation or application.

ARTICLE XV.
MISCELLANEOUS

A. Execution:

This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area.

B. Successors and Assigns:

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or Interests included within the Contract Area.

C. Counterparts:

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

D. Severability:

For the purposes of assuming or rejecting this agreement as an executory contract pursuant to federal bankruptcy laws, this agreement shall not be severable, but rather must be assumed or rejected in its entirety, and the failure of any party to this agreement to comply with all of its financial obligations provided herein shall be a material default.

ARTICLE XVI.
OTHER PROVISIONS

This Agreement shall be subject to that certain Exploration Agreement dated the _____ day of _____, 2012, between _____ and _____, covering the _____ Prospect Area. If any provision of this Agreement is in conflict with any provision of said Exploration Agreement, the provisions of the Exploration Agreement shall govern and control.

Notwithstanding anything herein to the contrary, if any provision of this Article XVI is in conflict with Articles I. through XV of this Operating Agreement or any Exhibit to this Operating Agreement, the provisions of this Article XVI shall govern and control.

A. PRIORITY OF OPERATIONS 1. When any well has been drilled to its authorized depth, if the Consenting Parties to the drilling of such well cannot mutually agree upon the conduct of further operations, the operations proposed to be conducted shall be governed by the following sequence of priority:

(a) a proposal to do additional logging, coring or testing of the open hole; then
(b) a proposal to attempt to complete the well in the objective formation; then
(c) a proposal to plug the well back and to attempt a completion in a formation above or below the objective formation; then
(d) a proposal to deepen the well; then
(e) a proposal to sidetrack the well; then
(f) a proposal to plug and abandon the well.

No party may propose any operation with respect to any well (i) while there is pending a prior proposal for any operation respecting such well until that proposal is withdrawn or terminates, or until the operation contemplated thereby has been completed or (ii) while there is in progress any operation on such well until such operation has been completed.

2. If, at the time the Consenting Parties are considering any of the above proposals, the hole is in such a condition that a prudent Operator would not conduct a proposal(s) for fear of placing the hole in jeopardy or losing the same prior to any attempt to complete the well in the objective formation, then a proposal(s) shall not be given the priority set forth above. If additional logging, coring or testing is conducted, it shall be done at the sole risk, cost and expense of the Parties participating therein, who shall be responsible for any damage to the well bore resulting from such testing, including the re-drilling of the well if necessary. The Non-Consenting Party to such additional evaluation shall not be entitled to logs, information or data resulting from such tests.

B. SUBSEQUENT WELL PROPOSALS

1. Other than the Initial Well, any party may submit a proposal to drill a well ("Proposed Well") in the Contract Area. Such proposal shall be made in writing to the other party or parties and shall be accompanied by:

(a) A definition of the exploration objectives, including horizons and depths;
(b) The surface and bottom hole locations for the well;
(c) Land plat showing location of leases;
(d) Other information in support of an Proposed Well proposal;
(e) The estimated costs for drilling the Well, in the form of a proposed AFE therefor; and
(f) Drilling Prognosis.

The receiving parties shall have a period of thirty (30) days after receipt of such Proposal in which to make their participation election in the Proposed Well by returning to the Operator its election and approved AFE. If a Party elects not to participate in the Proposed Well or fails to timely notify Operator of its election within said thirty (30) days of receipt of such Proposal, that party shall, by such election or inaction, be deemed a Non-Consenting Party and shall have forfeited, without recourse, compensation or reimbursement of costs, all of its rights, title and interests in and to the Proposed Well and all Oil & Gas Interests associated with the Proposed Well as provided in Article XVI. D, below. In the event the initial well is not drilled within the time frames provided under this Operating Agreement, the Well Proposal shall be considered as though it had never been made. Any funds forwarded to the Operator shall be returned within five (5) business days of the expiration of the ninety (90) day period and any interest forfeited shall be returned or assigned back to the Non-Consenting Party.

2. No more than one (1) well proposal may be outstanding at any one time, unless it is necessary to sooner commence drilling operations on another well to preserve one or more leases, to satisfy an express off-set well obligation, or farmout.

3. For the purposes of this Article XVI.B, a proposal is no longer considered outstanding when a well has been Completed, abandoned, or drilling operations are not commenced within the time period allowed for proposed operations under this Operating Agreement.

C. ADVANCEMENT OF COSTS

1. DRILLING COSTS

Operator shall from time to time call for and receive from Non-Operators, payment in advance of Non-Operators' share of the estimated cost to drill any well to its total depth, to conduct open hole tests, therein, prior to a completion attempt, and to plug and abandon same as a dry hole, which right will be exercised by submission to Non-Operators, of an Authority For Expenditure and invoice for Non-Operators' share thereof. Non-Operators will, within thirty (30) days following receipt of Operator's Invoice and AFE, deliver to Operator, Non-Operators' share of the Invoice and approved AFE. Failure by any Non-Operator to timely deliver its share of cost and approved AFE shall constitute an election to not participate in the drilling of such well; and in the event such well is the Initial Well or Substitute Well, such Non-Operator shall be deemed to have forfeited, without recourse, all of its right, title and interest in and to the Contract Area; or in the event such well is any well other than the Initial Well or Substitute Well ("Subsequent Well") the terms of Article XVI.E shall apply. Proper adjustment shall be made between advances and actual expenses, to the end that Non-Operators will pay only its share of actual costs.

2. **OTHER THAN DRILLING COSTS**

Operator, at its discretion, may from time to time demand and receive from one or more of the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations proposed under Article VI. Operator shall submit to each such party, along with written notice of the proposed operation, an AFE itemizing such estimated expense, together with an invoice for its share thereof. Each party shall pay to Operator its proportionate share of such estimate within the time frame provided for delivery of notification of said Party's election to participate in the proposed operation. Failure by any Party to timely deliver its share of said estimated expense within said time frame shall constitute an election to not participate in such operations, except for in the case of elections under Article VI.E.

D. NON-CONSENT TO DRILL WELLS

Notwithstanding anything in this Operating Agreement to the contrary,

1. Article VI.B.2. shall not apply to any Party's election not to join in and pay for the drilling of a well on a Contract Area.

2. In the event any Party elects not to drill any well, the Non-Consenting Party shall, if such well is completed as an oil and/or gas well, immediately assign to the Consenting Parties, all rights, title and interests in and to the Contract Area attributable to said well for production purposes by virtue of the following:

(a) 40.0 acres surrounding the well if an oil well, or 160.0 acres surrounding the well if a gas well, with such 40.0 or 160.0 acre tracts in the form of a square as nearly as practicable with the well in the center thereof, or

(b) the acreage which would have been perpetuated or earned by the well under the terms of an expiring lease, continuous development provision of a lease (which could be the entire lease) or a farmout or other exploration agreement, together with that portion of the Contract Area(s) pooled therewith to form the units or other acreage configurations described in (a) above,

whichever is the greater amount of acreage. Such assignment shall convey all rights between the surface and the total depth drilled in such well, plus 100.0 feet.

3. The portion of the Contract Area so assigned shall be deleted from this Operating Agreement, and shall become subject to the provisions of an agreement identical to this Agreement with the exception of a modification to reflect the proper owners and percentages of ownership. In the event any well is not commenced within 90 days of proposing such well and thereafter drilled to its authorized depth, or is timely commenced and thereafter drilled to its authorized depth but is thereafter plugged and abandoned as a dry hole, no assignment by the Non-Consenting Party shall be due.

4. Article VI.C.1. Option No. 2 shall apply to the completion of all wells.

5. Article VI.B.2. will not apply to any operation which is necessary to perpetuate an expiring Oil and Gas Lease or interest therein or to perpetuate or earn rights in and to a lease pursuant to a farmout or other exploration agreement, including an operation required in the continuous development provision of a lease, farmout or other exploration agreement ("Required Operation"). If any Party elects not to participate in a Required Operation, the Non-Consenting Party will assign to the Consenting Parties that portion of the Contract Area(s) as set forth in Article XVI.N.3, below.

6. Nothing herein shall ever be construed so as to require an assignment of any Non-Consenting Party's interest in a producing well, or any land or lands in the contract area perpetuated thereby.

7. Any assignment shall not relieve the Non-Consenting Party from any obligation, liability or responsibility theretofore incurred.

E. NON-CONSENT TO REWORK, RECOMPLETE, DEEPENING, SIDETRACKING OR PLUGGING BACK OPERATION

1. The provisions of Article VI.B.2. shall apply to the Reworking, Recompleteing, Deepening, Sidetracking and Plugging Back of any well after it has been drilled to its authorized depth.

2. In the event a Consenting Party to the drilling and Completion of a well elects not to participate in the Reworking, Recompleting or Plugging Back operation for such well, said party shall be deemed to have relinquished to the Consenting Parties to the Reworking, Recompleting or Plugging Back operation in said well, who shall own and be entitled to receive all of such Non-Consenting Party's interest in such well, its leasehold operating rights and share of production therefrom, insofar and only insofar as it pertains to the zone or zones which are being Reworked, Recompleted or to which the well is being Plugged Back.

3. If pursuant to Article VI.B.2. hereto, less than all of the parties elect to participate in a proposed Reworking, Deepening or Plugging Back operation, and if such operation does not result in the production of hydrocarbons in commercial quantities, or result in a completion that ceases to produce in commercial quantities prior to the time at which the consenting parties are fully reimbursed as provided in Article VI.B.2., then, notwithstanding anything in this Operating Agreement to the contrary, the party or parties who elect not to participate in such Reworking, Deepening or Plugging Back operation shall nevertheless be responsible for their proportionate share (as set forth in Exhibit "A") of the cost to plug and abandon such well and salvage the equipment therefrom, except for the additional plugging and abandonment or salvage costs that are caused by the Reworking, Deepening or Plugging Back operation in which the party or parties did not participate and any exceptional expenses attributable to well control incidents resulting therefrom; the consenting parties shall be solely responsible for such additional costs.

F. DEFAULT

1. If any Party, including the Operator, fails to pay its share of any cost which it is obligated to pay under any provision of this Agreement ("Defaulting Party"), and if such default continues for a period of fifteen (15) days following delivery by any of the other Parties ("Non-Defaulting Parties") of written notice of such default to the Defaulting Party, then at any time after the expiration of such notice period, the Non-Defaulting Parties shall be entitled to the following remedies:

(a) The Non-Defaulting Parties may suspend by written notice, any or all of the rights of the Defaulting Party under this Agreement, without prejudice to the right of the Non-Defaulting Parties to continue to enforce the obligations of the Defaulting

Party under this Agreement. The rights of a Defaulting Party that may be suspended hereunder at the election of the Non-Defaulting Parties shall include, without limitation, the right to elect to participate in any subsequent operation regarding the well to which the default relates, or any subsequent operation proposed under this Agreement; and

(b) The Non-Defaulting Parties may take any action to which it may be entitled or pursue any remedy to collect the amounts in default, together with all damages suffered by the Non-Defaulting Parties as a result of the default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in the Accounting Procedure together with reasonable attorney's fees and court costs related thereto; or

(c) The Non-Defaulting Parties may deliver a written notice to the Defaulting Party at any time after the default occurs with the following effect:

(i) If the billing is for the completion or recompletion of a well, the Defaulting Party will be deemed conclusively to have elected not to participate in the subject operation under Paragraph VI.B.2. above from the time of the billing, which led to the default and to be a Non-Consenting party with respect thereto, notwithstanding any election to participate theretofore made.

(ii) Until the delivery of such notice to the Defaulting Party, the Defaulting Party shall have the right to cure its default by paying the unpaid billing(s) plus interest at the rate set forth in the Accounting Procedure. Any interest relinquished pursuant to this Paragraph shall be owned by the Non-Defaulting Parties pursuant to Paragraph VI.B.2. above, and the Non-Defaulting Parties shall be liable to contribute its share of the defaulted amount.

(iii) The Operator on behalf of the Non-Defaulting Parties may reduce any and all revenues, if any, attributed to the Defaulting Party's interest by the amount in default plus any interest charges accruing on such defaulting amount as provided in the Accounting Procedure.

2. Notwithstanding the other provisions of this Paragraph, if a Party fails to pay part or all of its share of costs hereunder because of a legitimate disagreement as to the appropriateness of part or all of the billing(s) in question, and if such Party makes such disagreement and the grounds therefore known to the other Party in writing prior to the due date of such billing and timely tenders payment of all undisputed amounts, then such Party shall not be subject to Section 1. (a) or 1. (c) of this Paragraph.

3. Notwithstanding anything in this Operating Agreement to the contrary, in the event a Defaulting Party fails to pay its share of costs which it is obligated to pay under any provision of this Agreement within fifteen (15) days after Defaulting Party's receipt of notice of such failure to pay, the Operator, at its sole discretion, may withhold from a Non-Operator's production revenues related to any well Operator operates pursuant to the Participation Agreement all accrued unpaid lease operating expenses, past due balances, and accrued unpaid expenses allocated to any well Operator operates on behalf of a Non-Operator pursuant to the Participation Agreement.

G. OPERATIONS ON PRODUCING WELLS

1. No well producing in paying quantities shall be reworked, recompleted or deepened, or plugged and abandoned without the consent of all Parties, except that a well producing in paying quantities may be "fraced" or otherwise stimulated for the purposes of enhancing existing production with the consent of the parties owning or representing at least 60.0% Percentage Interest in the well.

2. The provisions of Article VI.B. will apply to a proposal by any Party desiring that one or more producing zones within a well be "fraced" or otherwise stimulated for purposes of enhancing existing production. Except as set forth in Paragraph 1. above, any such proposed stimulation of a producing well may be performed if so approved by the Parties owning the working interest in such well or zone. The Party electing not to participate in the stimulation effort will be deemed a Non-Consenting Party and, as to such stimulation, will be subject to the penalties otherwise provided in Article VI.B.2. (a) and (b). The Consenting Parties in the stimulation effort will not be liable in damages to the Non-Consenting Party, if, as a consequence of the attempted stimulation, the well or zone is damaged, lost or destroyed.

H. PIPELINE AND/OR GATHERING LINE CONSTRUCTION

If any Party elects, in an operation not covered by Article VI, to construct, operate or purchase, or join in the construction, operation or purchase of a pipeline and/or gathering line to transport production from, but not within, the Contract Area, then such Party shall notify the other Parties furnishing all pertinent costs and information. The Parties receiving such notice shall have the right to participate in the construction, operation and ownership of such pipeline and/or gathering line by assuming their proportionate shares of the obligations and paying the costs attributable thereto.

I. COST ALLOCATION

Notwithstanding anything to the contrary contained in the Operating Agreement or the Accounting Procedure attached hereto as Exhibit "C", the following items shall not be considered within the category of administrative overhead:

1. All cost and expenses for outside attorneys and oil lease brokers incurred in the acquisition of Oil and Gas Leases and examination of and curing of titles.

2. All outside fees for legal, geological, geophysical, engineering, drafting and reproductive services and other costs and expenses as incurred in connection with the preparation and presentation of evidence and exhibits and handling of applications to and hearings before any governmental agencies or regulatory bodies.

J. DELAY RENTALS, OPTION PAYMENTS AND LEASE EXTENTIONS

Operator shall submit to the parties reports of the monthly delay rental payments that will be due and payable on leases subject hereto at least 60 days in advance of such payments being due, together with the due dates for such payments, Operator's recommendations for the payment or non-payment thereof, and a general description of the lands covered by same. A party may elect to terminate its interest in a lease or leases by providing written notice to Operator and all other parties hereto then owning an interest in said lease or leases, to the effect that the notifying party will not participate in the next ensuing delay rental payment with respect to such lease or leases at least 40 days in advance of such payments being due. Failure to notify Operator and such other parties of a party's election at least 40 days in advance of the rental payment due date shall be deemed an election to participate in payment of rentals. If at any time a party elects not to participate in payment of a delay rental, then the parties electing to participate in the payment shall have the right to assume their respective proportionate shares of the interest in the affected lease of the party electing not to participate by providing written notice to the other participating parties and Operator within 10 days after receipt of the notice of a party's election not to participate. Failure to provide such notice shall be deemed an election not to assume an interest. In the event that after such elections an interest in the affected lease remains that has not been assumed, Operator within 48 hours shall notify the participating parties, who may elect to assume their respective proportionate shares of such remaining interest by providing written notice within 48 hours after receipt of notice of the interest that is available; failure to provide such notice shall be deemed an election not to assume an additional interest. If, after all such elections, an interest remains that has not been assumed by a party, then, at Operator's sole discretion, the Operator may elect either to assume the remaining interest and make the delay rental payment or elect not to make the rental payment and allow the affected lease or leases to lapse and shall notify all of the parties.

A party electing to terminate its interest in a lease or leases shall assign its interest therein to the participating parties free of any overriding royalty interests, net profits interests or other burdens or encumbrances other than the lessor's royalties and any burdens listed on Exhibit "A" hereof. Any such lease or leases shall be removed from the terms of this Operating Agreement but shall be subject to the terms of an identical operating agreement between the participating parties with only the interests of the parties changed on Exhibit "A".

K. OPERATOR AS DISBURSING AGENT FOR NON-OPERATOR

Subject to the right of Non-Operator to take in kind its share of production from the Contract Area(s), Non-Operator designates Operator as the agent of Non-Operator to receive and disburse the proceeds derived from the sale of oil and gas produced from the Contract Area(s), including, but not limited to, disbursements to Non-Operators, royalty owners, and payment of severance and production taxes. Subject to provisions of the lien, security and default provisions of this Operating Agreement, Operator shall remit to Non-Operators their proportionate share of such proceeds within thirty (30) days after the receipt by Operator of such proceeds, less such Non-Operators share of all severance and production taxes.

L. AFE/COST OVERRUNS

Notwithstanding anything herein to the contrary, Operator shall not expend for any drilling, Completion, Reworking, Sidetracking, Deepening, Plugging Back or Recompleting operation an amount in excess of 125% of the amount authorized for the total operation by virtue of the original or initial AFE without first submitting a Supplemental AFE(s) to the Non-Operator(s) for approval. Any Non-Operator receiving such a Supplemental AFE(s) shall have a period of 48 hours which to either approve or reject the additional expenditure (however, if a rig is on location, every such Non-Operator shall make its best efforts to respond within 24 hours). Failure to respond shall constitute approval. In the event of non-approval, all subsequent operations conducted pursuant to such Supplemental AFE(s) shall be subject to the provisions of Article VI.B.2. Operations By Less Than All Parties, provided, however, that if a Non-Operator rejects the additional expenditure and the operation being conducted is a Required Operation, said Non-Operator shall assign and forfeit to the parties continuing with the operation all of its interest in the leases or portions thereof and to the formations and depths covered thereby which would be lost or not earned if such operation is not continued. This paragraph shall not apply to expenditures by the Operator which are required to deal with explosion, fire, flood or other sudden emergency, whether of the same or different nature, or operations required to maintain the hole in a stable condition.

M. INFORMATION DISTRIBUTION LIST/GEOLOGICAL WELL REQUIREMENTS

Attached hereto as Exhibit "G", entitled "Information Distribution List/Geological Well Requirements," is a summary of the notice and data requirements which Operator hereby agrees to observe and perform with respect to each Non-Operator.

N. REQUIRED OPERATIONS

1. If a proposal is made for the drilling, Deepening, Reworking, Plugging Back, Sidetracking or Recompleting of a well or wells or for any other operation proposed or required within six months of the expiration of any right and/or interest subject to this Operating Agreement in order to (1) continue a lease or leases in force and effect, or (2) maintain a unitized area or any portion thereof in force and effect, or (3) earn an interest in and to oil and/or gas and other minerals which may be owned by any third party or preserve any rights to such interest which, failing such operation, would revert to a third party, or (4) comply with an order issued by a regulatory body having jurisdiction over the premises, failing which certain rights would terminate within such period, any such operation shall be a "Required Operation".

2. Should fewer than all the parties hereto elect to participate and pay their proportionate part of the costs to be incurred in a Required Operation, any party or parties desiring to participate shall have the right to do so in the manner provided elsewhere herein, at their sole cost, risk and expense.

3. Promptly following the conclusion of a Required Operation, each party not participating in said Required Operation shall deliver to the party or parties participating in said Required Operation an assignment of all of the right, title and interest of said non-participating party in that portion of the leases and/or other rights and interest which are maintained, perpetuated or earned as a result of said Required Operation. The right, title and interest assigned and conveyed shall be shared by the participating parties in the proportion that the interest of each bears to the total interest of all the participating parties. Such assignment shall be executed and delivered within thirty (30) days of the conclusion of such Required Operation by each party not electing to participate and shall be in a form acceptable to the participating party or parties, free and clear of any overriding royalty interest, production payments, mortgages, liens or other encumbrances placed thereupon or arising out of the assigning party's ownership and operations subsequent to the date of this Operating Agreement, but otherwise without warranty of title, either express or implied. The leases, rights and interests in which an interest is assigned pursuant to the terms hereof shall no longer be subject to this Operating Agreement, but said leases, rights and interests shall be solely subject to a separate operating agreement which accurately reflects the interests of the party or parties in the Required Operation, and which is otherwise identical to this Operating Agreement. The written notice and/or AFEs covering Required Operations to be sent to the parties for their election to participate therein as provided in Article VI.B.1. will be clearly marked or identified as a proposal for a Required Operation.

O. ASSIGNMENTS

1. Any Assignments made as a result of forfeiture of interest, or as a result of Article VI. and/or Article XVI.D, E and F shall be free of any overriding royalty interests, net profit interests, burdens on production or any other burdens or encumbrances.

2. Subject to the provisions of Article VIII D., any party may sell or assign all or any portion of its interest in the Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production within the Contract Area covered by this agreement to one or more third parties without the consent of any other party hereto, provided that such sale or assignment shall be made subject to the provisions of this Operating Agreement and the Participation Agreement and the third party assignee or assignees agree to assume allfuture obligations hereunder. Such sale or assignment shall not be binding upon the other parties to this agreement until Operator is furnished with a copy of the legal instrument evidencing such conveyance. Once a party assigns an interest in the Contract Area to one or more third parties and the Operator has been furnished with notice of such assignment as provided for herein, the assigning party shall have no further liability or obligations under this agreement with respect to the interest so assigned except for those outstanding liabilities or obligations due and owing to another party to this agreement for time periods prior to the effective date of the assignment.

3. In addition, the following language shall be added to any assignment or conveyance from any parties:

"This assignment is made subject to, and Assignee agrees to assume its proportionate share of all obligations and liabilities arising under the terms of that certain Operating Agreement dated _____, naming _____as Operator. Assignee expressly assumes responsibility for, and agrees to pay, perform, fulfill and discharge its proportionate share of all claims, costs, expenses, liabilities and obligations accruing or relating to, the ownership, operation, maintenance, exploration, production, or development of the Leases, wells and equipment assigned herein, as to all periods on or after the effective date of this assignment, including, without limitation, all environmental claims. Without limiting the generality of any of the foregoing, Assignee accepts responsibility for and agrees to pay its proportionate share of all costs and expenses associated with plugging and abandonment of the wells assigned herein, together with surface restoration required under applicable law, the Leases or any other contracts assigned hereunder (the obligations and liabilities described herein are referred to as the Assumed Obligations.

ASSIGNEE SHALL DEFEND, INDEMNIFY, RELEASE AND HOLD HARMLESS ASSIGNOR, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS ("ASSIGNOR INDEMNIFIED PARTIES") AGAINST ALL LOSSES, DAMAGES, CLAIMS, DEMANDS, SUITS, COSTS, EXPENSES, LIABILITIES AND SANCTIONS OF EVERY KIND AND CHARACTER, INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES, COURT COSTS AND COSTS OF INVESTIGATION, WHICH ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE ASSUMED OBLIGATIONS DESCRIBED HEREIN."

P. RESERVE ACCOUNT FOR PLUGGING OPERATIONS

In order to have sufficient funds on hand to meet plugging obligations, the Operator may charge the joint account, over the life of any well(s) on the Contract Area, for estimated costs to plug and abandon said wells (including the costs to cleanup the location and restore the surface are of lease used in oil and gas operations) (referred to herein as "Amortized P&A Charges"). These Amortized P&A Charges may not exceed twenty thousand dollars ($20,000.00) per well. The intent of this covenant is to allow Operator, in the latter stages of the economic life of a well and/or lease, to have available funds on account to conduct P&A operations in accordance with actual Railroad Commission (or

environmental agency) regulations and lease requirements. Each party shall pay its proportionate share of the costs of plugging and abandonment above the Amortized P&A Charges.

Q. ADDITIONAL SECURITY PROVISIONS

1. **SECURITY INTEREST**

The lien and security interest granted by each Non-Operators and by Operator to the Non-Operator under Article VII.B shall extend not only to such Party's rights, title and interests in the Contract Area(s) (which for greater certainty shall include all of each Party's leasehold interest and leasehold estate in the Contract Area(s)), the oil and/or gas when extracted and equipment (as mentioned in said Article) but also to all accounts, contract rights, extracted oil and gas and said equipment or which are otherwise owned or held by any such party in the Contract Area(s). Further, the lien and security interest of said Party shall extend to all proceeds and products of all of the property and collateral described in this paragraph and in Article VII.B as being subject to said lien and security interest.

2. LIEN ON UNEXTRACTED HYDROCARBONS

In addition to the liens and security interests as provided in Article VII.B., each party to this Agreement, to secure payment of its share of expenses incurred under this Operating Agreement, grants to the other party a lien on all of its right, title and interest now owned or hereafter acquired in the Contract Area including, but not limited to, the oil and gas leases, mineral estates and other mineral interests subject to this Operator Agreement and any properties now or hereafter pooled or unitized with any of the properties affected by such mineral interests; and all unsevered and unextracted oil, gas and other hydrocarbons that may be produced, obtained or secured from the lands covered and affected by such mineral interests such lien shall be perfected by rewording in the Real Property Records of the county in which the acreage within the Contract Area exists, Memorandum in the same form as the Exhibit "H" attached hereto.

3. CONTRACTUAL RIGHT OF OFFSET

a. In addition to the rights and remedies afforded to Operator pursuant to the terms of Article VII.D., or at law or in equity, it is understood and agreed that each defaulting party grants to the Operator a contractual right of offset in and to all money, production, proceeds from the sale of production and property of every kind or character of such defaulting party, now or at any time hereunder coming within Operator's custody or control, wheresoever located whether or not subject to the terms of this Agreement or any other agreement between Operator and defaulting party. Operator, may, at its election, at any time and from time to time, reduce (or eliminate, as the case may be) any debt owing to it by any defaulting party by applying such defaulting party's money, proceeds or property in the custody or control of Operator to the balance owned on such debt and giving such defaulting party appropriate credit therefore. Any such amounts so applied shall first be applied to any past due interest, if any, then to any costs, including attorney's fees, incurred by Operator in the collection of the proceeds or property, and then to the underlying debt. It is agreed and understood that Operator's contractual right of offset shall extend to and include all proceeds of production attributable to the defaulting party from any wells in which the defaulting party owns an interest.

b. The lien and security interest granted by each Non-Operators and by Operator to the Non-Operator under Article VII.B shall extend not only to such party's rights, title and interests in the Contract Area(s) (which for greater certainty shall include all of each Party's leasehold interest and leasehold estate in the Contract Area(s)), the oil and/or gas when extracted and equipment (as mentioned in said Article) but also to all accounts, contract rights, extracted oil and gas and said equipment or which are otherwise owned or held by any such party in the Contract Area(s). Further, the lien and security interest of said Party shall extend to all proceeds and products of all of the property and collateral described in this paragraph and in Article VII.B as being subject to said lien and security interest.

4. RIGHT OF EXECUTORY FORECLOSURE

In addition to all rights and remedies afforded Operator under Article VII.B., in the event any debt owing by the defaulting party to Operator shall exceed any money, proceeds of sale of production, or property of such defaulting party as provided in the contractual right of offset as provided in Paragraph Q.3 above, the Operator may elect to proceed and foreclose the lien of Operator against the interest of any defaulting party in accordance with the laws of the State of Idaho. Non-Operator hereby delegates Operator as its agent and attorney in fact to execute any and all documents reasonably necessary to carry out an executory foreclosure pursuant the laws of the State of Idaho.

R. EQUAL OPPORTUNITY EMPLOYER

All of the Parties are Equal Opportunity Employers. To the extent that this Agreement may be subject to Executive Order 11246, as amended, the equal opportunity provision (41 CFR 60-1) is incorporated herein by reference. To the extent required by applicable Laws and regulations, this Agreement also includes and is subject to the affirmative actions clause concerning disabled veterans of the Vietnam era (41 CFR 60-250) and the affirmative action clauses concerning employment of the handicapped (41 CFR 60-741), which clauses are incorporated herein by reference.

S. AUDIT

Notwithstanding anything to the contrary contained in the Accounting Procedure, upon receipt of any audit report conducted on the Joint Account by Non-Operator, Operator shall have sixty (60) days within which to respond in writing to such audit report.

T. WELL CONTROL INSURANCE

The interest of each party hereto shall be included in Operator's Control of Well Insurance policy and a proportionate part of the cost of such insurance shall be borne by the respective parties unless Operator is notified otherwise in writing and provided a Certificate of Insurance in compliance with Exhibit "D", which is attached hereto, prior to commencement of operations or prior to any operation to be performed on a well in accordance with attached Exhibit "D".

U. TRANSITION OF OPERATOR

Upon the selection of the successor operator, the Operator who has been removed or has resigned shall promptly deliver to the successor operator all original records relating to operations on the contract area, including current accounting information with regard to the status of the joint account, information concerning all invoices not yet paid by the Operator who has resigned or been removed, all logs, maps and all other information concerning operations. Duplicating expenses required by virtue of the change of operator shall be charged to the joint account.

V. GAS MARKETING BY OPERATOR

If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of Gas produced from the Contract Area, Operator shall have the right, but not the obligation, to purchase such Gas or sell it to others at any time and from time to time, for the account of the non-taking party at the same price obtained for Operator's share of Gas production under an arms length, third party, purchase or sales contract. Any such purchase or sale by Operator may be terminated by Operator with a thirty (30) day prior written notice to the owner of such Gas production. The owner of such Gas production shall, with a thirty (30) day prior written notice to Operator, have the right at any time to exercise its right to take in kind, or separately dispose of, its share of Gas production, provided, however, that such Gas production is not committed under a gas sales, transportation or marketing contract. Any purchase or sale by Operator of any party's share of Gas under a gas sales, transportation or marketing contract shall be only for such reasonable periods of time as are consistent with gas sales, transportation or marketing contracts for similar gas produced in the vicinity of the Contract Area.

W. HEADINGS

The Article and Paragraph headings used in this Agreement are inserted for convenience only and shall be disregarded in interpreting or construing this Agreement.

X. BINDING

This Agreement will be binding and will inure to the benefit of the Parties, their respective heirs, representatives, successors and assigns.

Y. COUNTERPARTS

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A facsimile, telegraphic or any other form of authenticated electronic signature shall be effective in all respects as an original signature. Failure of any party to execute this Operating Agreement shall not render this Operating Agreement ineffective as to and between the other parties executing that executing this Operating Agreement.

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____ _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

EXHIBIT "A' TO BE COMPLETED AT A LATER DATE

EXHIBIT "B"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the ____ day of _____ _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

Reporting Requirements

On any well drilled within the Contract Area, Operator shall deliver to Non-Operators the following geological information:

WELL REQUIREMENTS

PROSPECT:
COUNTY & STATE:

WELL DATA REQUIRMENTS

DAILY REPORTS

Daily drilling and completion reports by e-mail:

1) _____
2) _____

Or if necessary by fax: _____

NOTIFICATION OF LOGGING, DRILL STEM TEST, DRILLING COMPLETION AND ABANDONMENT (24 HOUR NOTICE)

PERSON TO CONTACT	**OFFICE PHONE**	**CELL PHONE**
_____	_____	_____
_____	_____	_____

DATA DISTRIBUTION

SEND TO: _____

_____

_____

_____

GENERAL PROCEDURES

_____ (__) **Copy/Copies of Each of the Following:**

1. Complete Drilling Program
2. Cement Program
3. Typed Copy of Well History
4. Directional Surveys

OPEN HOLE EVALUATION DATA

_____ (__) **Field Prints,** _____ (__) **Final Prints and** _____ (__) **Digital Print of Each of the Following:**

1. All Open Hole Logs
2. Mud Logs
3. Core Analysis
4. Formation Test

OPEN HOLE EVALUATION DATA (CONT.)

5. Directional Surveys
6. Case Hole Logs
7. Drill Stem or Wire Line Tests
8. Cement Bond Logs

CASED HOLE AND COMPLETION DATA

_____ (__) Field Prints, _____ (__) Final Prints and _____ (__) Digital Print of Each of the Following:

1. Detailed Copy of Completion and/or Workover Procedures
2. Perforating, Wellbore and/or Reservoir Evaluation Logs
3. BHP Data

CONTRACT, ELECTION, REGULATORY AND TITLE DATA

SEND TO: _____

_____

_____

_____

_____ (__) Copy/Copies of Each of the Following:

1. Drilling Contract
2. AFE
3. Elections
4. Location Plat
5. All Regulatory Permits, Applications and Forms
6. Monthly Production Reports (P-1's, P-2's etc.)
7. Copy of Weekly or Monthly Gauge Reports

End of Exhibit "B"

EXHIBIT " C "
ACCOUNTING PROCEDURE
JOINT OPERATIONS

Attached to and made part of **that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____ Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.**

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

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"Joint Property" means the real and personal property subject to the Agreement.

"Laws" means any laws, rules, regulations, decrees, and orders of the United States of America or any state thereof and all other governmental bodies, agencies, and other authorities having jurisdiction over or affecting the provisions contained in or the transactions contemplated by the Agreement or the Parties and their operations, whether such laws now exist or are hereafter amended, enacted, promulgated or issued.

"Material" means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

"Non-Operators" means the Parties to the Agreement other than the Operator.

"Offshore Facilities" means platforms, surface and subsea development and production systems, and other support systems such as oil and gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking installations, communication facilities, navigation aids, and other similar facilities necessary in the conduct of offshore operations, all of which are located offshore.

"Off-site" means any location that is not considered On-site as defined in this Accounting Procedure.

"On-site" means on the Joint Property when in direct conduct of Joint Operations. The term "On-site" shall also include that portion of Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.

"Operator" means the Party designated pursuant to the Agreement to conduct the Joint Operations.

"Parties" means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as "Party."

"Participating Interest" means the percentage of the costs and risks of conducting an operation under the Agreement that a Party agrees, or is otherwise obligated, to pay and bear.

"Participating Party" means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of the costs and risks of conducting an operation under the Agreement.

"Personal Expenses" means reimbursed costs for travel and temporary living expenses.

"Railway Receiving Point" means the railhead nearest the Joint Property for which freight rates are published, even though an actual railhead may not exist.

"Shore Base Facilities" means onshore support facilities that during Joint Operations provide such services to the Joint Property as a receiving and transshipment point for Materials; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; and other associated functions serving the Joint Property.

"Supply Store" means a recognized source or common stock point for a given Material item.

"Technical Services" means services providing specific engineering, geoscience, or other professional skills, such as those performed by engineers, geologists, geophysicists, and technicians, required to handle specific operating conditions and problems for the benefit of Joint Operations; provided, however, Technical Services shall not include those functions specifically identified as overhead under the second paragraph of the introduction of Section III (*Overhead*). Technical Services may be provided by the Operator, Operator's Affiliate, Non-Operator, Non-Operator Affiliates, and/or third parties.

2. STATEMENTS AND BILLINGS

The Operator shall bill Non-Operators on or before the last day of the month for their proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements that identify the AFE (authority for expenditure), lease or facility, and all charges and credits summarized by appropriate categories of investment and expense. Controllable Material shall be separately identified and fully described in detail, or at the Operator's option, Controllable Material may be summarized by major Material classifications. Intangible drilling costs, audit adjustments, and unusual charges and credits shall be separately and clearly identified.

The Operator may make available to Non-Operators any statements and bills required under Section I.2 and/or Section I.3.A (*Advances and Payments by the Parties*) via email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper copies. The Operator shall provide the Non-Operators instructions and any necessary information to access and receive the statements and bills within the timeframes specified herein. A statement or billing shall be deemed as delivered twenty-four (24) hours (exclusive of weekends and holidays) after the Operator notifies the Non-Operator that the statement or billing is available on the website and/or sent via email or electronic data interchange transmission. Each Non-Operator individually shall elect to receive statements and billings electronically, if available from the Operator, or request paper copies. Such election may be changed upon thirty (30) days prior written notice to the Operator.

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3. ADVANCES AND PAYMENTS BY THE PARTIES

A. Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated cash outlay for the succeeding month's operations within fifteen (15) days after receipt of the advance request or by the first day of the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator shall remit the refund to the Non-Operator within fifteen (15) days of receipt of such written request.

B. Except as otherwise expressly provided in the Agreement or this COPAS, each Party shall pay its proportionate share of all bills in full within)thirty (30) days of receipt date. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed. Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the Operator at the time payment is made, to the extent such reduction is caused by:

(1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working interest or Participating Interest, as applicable; or
(2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved or is not otherwise obligated to pay under the Agreement; or
(3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty (30) day period following the Operator's receipt of such written notice; or
(4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).

4. ADJUSTMENTS

A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct, with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure Audits*).

B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month period are limited to adjustments resulting from the following:

(1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or
(2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the Operator relating to another property, or
(3) a government/regulatory audit, or
(4) a working interest ownership or Participating Interest adjustment.

5. EXPENDITURE AUDITS

A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.

Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of

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those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter "lead audit company") shall issue the audit report within ninety (90) days after completion of the audit testing and analysis; however, the ninety (90) day time period shall not extend the twenty-four (24) month requirement for taking specific detailed written exception as required in Section I.4.A (*Adjustments*) above. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter "written exceptions") shall, with respect to the claims made therein, preclude the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving exceptions provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.B or I.5.C, the Operator's waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations, provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator receives such report. Denied exceptions should be accompanied by a substantive response. If the Operator fails to provide substantive response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties. Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable. The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved.

If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute shall be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

6. APPROVAL BY PARTIES

A. GENERAL MATTERS

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the

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Operator shall notify all Non-Operators of the Operator's proposal and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are covered by Section I.6.B.

B. AMENDMENTS

If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting Procedure can be amended by an affirmative vote of Two (2) or more Parties, one of which is the Operator, having a combined working interest of at least Sixty percent (60.0 %), which approval shall be binding on all Parties, provided, however, approval of at least one (1) Non-Operator shall be required.

C. AFFILIATES

For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating Interest of such Affiliates.

For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's Affiliate.

II. DIRECT CHARGES

The Operator shall charge the Joint Account with the following items:

1. RENTALS AND ROYALTIES

Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

2. LABOR

A. Salaries and wages for:

(1) Operator's field employees directly employed On-site in the conduct of Joint Operations,

(2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a function covered under Section III (*Overhead*),

(3) Operator's employees providing First Level Supervision,

(4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*),

(5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*).

Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages, or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section I.6.A (*General Matters*).

B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs chargeable to the Joint Account under Sections II.2.A and B.

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D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the expenses are incurred in connection with directly chargeable activities.

E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

F. Training costs for personnel whose salaries and wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are available.

G. Operator's current cost of established plans for employee benefits applicable to the Operator's labor costs chargeable to the Joint Account under Sections II.2.A and B based on the Operator's actual cost not to exceed the employee benefits limitation percentage most recently recommended by COPAS.

H. Award payments to employeesfor personnel whose salaries and wages are chargeable under Section II.2.A.

3. MATERIAL

Material purchased or furnished by the Operator for use on the Joint Property in the conduct of Joint Operations as provided under Section IV (Material *Purchases, Transfers, and Dispositions*). Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use or is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

4. TRANSPORTATION

A. Transportation of the Operator's, Operator's Affiliate's, or contractor's personnel necessary for Joint Operations.

B. Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material from the Joint Property to the Operator's warehouse or other storage point shall be paid for by the Joint Property using one of the methods listed below:

(1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property.. The Operator shall consistently apply the selected alternative.

(2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged directly to the Joint Property and shall not be included when calculating the Equalized Freight.

5. SERVICES

The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and utilities covered by Section III (*Overhead*), or Section II.7 (*Affiliates*), or excluded under Section II.9 (*Legal Expense*). Awards paid to contractors shall be chargeable.

The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (*Overhead*).

6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:

A. The Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation not to exceed Ten percent (10 %) per annum; provided, however, depreciation shall not be charged when the

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equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property. If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

7. AFFILIATES

A. Charges for an Affiliate's goods and/or services used in operations requiring an AFE or other authorization from the Non-Operators may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate's goods and services billed to such individual project do not exceed $ 10,000.00 If the total costs for an Affiliate's goods and services charged to such individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such Affiliate shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

B. For an Affiliate's goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators, charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*), if the charges exceed $ 25,000.00 in a given calendar year.

C. The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property, unless the Operator obtains the Non-Operators' approval of such rates. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however, documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate's rates or charges prior to billing Non-Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (*Communications*).

If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars ($ 0.00).

8. DAMAGES AND LOSSES TO JOINT PROPERTY

All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties shall be solely liable.

The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been received by the Operator.

9. LEGAL EXPENSE

Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys for title examinations (including preliminary, supplemental, shut-in royalty opinions, division order title opinions), and curative work shall be chargeable to the extent permitted as a direct charge in the Agreement.

10. TAXES AND PERMITS

All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the penalties and interest result from the Operator's gross negligence or willful misconduct.

If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's working interest.

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Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted, provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the amount owed by the Joint Account.

11. INSURANCE

Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are conducted at locations where the Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.

12. COMMUNICATIONS

Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations If the communications facilities or systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation.

13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY

Costs incurred for Technical Services and drafting to comply with ecological, environmental and safety Laws or standards recommended by Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2 (*Labor*), II.5 (*Services*), or Section III (*Overhead*), as applicable.

Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

14. ABANDONMENT AND RECLAMATION

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

15. OTHER EXPENDITURES

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

III. OVERHEAD

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator shall charge the Joint Account in accordance with this Section III.

Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless of location, shall include, but not be limited to, costs and expenses of:

- warehousing, other than for warehouses that are jointly owned under this Agreement
- design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
- procurement
- administration
- accounting and auditing
- gas dispatching and gas chart integration

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- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)
- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

☑ **(Alternative 1)** Fixed Rate Basis, Section III.1.B.

A. TECHNICAL SERVICES

(i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☑ **(Alternative 1 – Direct)** shall be charged **direct** to the Joint Account.

(ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☑ **(Alternative 3 – Drilling Direct)** shall be charged **direct** to the Joint Account, **only** to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD—FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per month:
Drilling Well Rate per month $ **7,000.00 (prorated for less than a full month of drilling activity) per unit of forty (40) acres or less.
Producing Well Rate per month $ **700.00 per unit of forty (40) acres or less.

(2) Application of Overhead—Drilling Well Rate shall be as follows:

(a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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(b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more consecutive work–days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(3) Application of Overhead—Producing Well Rate shall be as follows:

(a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for any portion of the month shall be considered as a one-well charge for the entire month.

(b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is considered a separate well by the governing regulatory authority.

(c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well, unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether or not the well has produced.

(d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.

(e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead charge.

(4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided, however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the effective date of such rates, in accordance with COPAS MFI-47 ("Adjustment of Overhead Rates").

2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator's expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of $100,000 gross.

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Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities.

Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the Joint Property to the equivalent condition that existed prior to the event.

A. If the Operator absorbs the engineering, design and drafting costs related to the project:

(1) ___**5.0___% of total costs if such costs are less than $100,000; plus

(2) ___**3.0___% of total costs in excess of $100,000 but less than $1,000,000; plus

(3) ___**2.0___% of total costs in excess of $1,000,000.

B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

(1) ___**5.0___% of total costs if such costs are less than $100,000; plus

(2) ___**3.0___% of total costs in excess of $100,000 but less than $1,000,000; plus

(3) ___**2.0___% of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each single occurrence or event.

On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.

For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any other overhead provisions.

In the event of any conflict between the provisions of this Section III.2 and the provisions of Sections II.2 (*Labor*), II.5 (*Services*), or II.7 (*Affiliates*), the provisions of this Section III.2 shall govern.

3. AMENDMENT OF OVERHEAD RATES

The overhead rates provided for in this Section III may be amended from time to time if, in practice, the rates are found to be insufficient or excessive, in accordance with the provisions of Section I.6.B (*Amendments*).

IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS

The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and dispositions. The Operator shall provide all Material for use in the conduct of Joint Operations; however, Material may be supplied by the Non-Operators, at the Operator's option. Material furnished by any Party shall be furnished without any express or implied warranties as to quality, fitness for use, or any other matter.

1. DIRECT PURCHASES

Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts received. The Operator shall make good faith efforts to take discounts offered by suppliers, but shall not be liable for failure to take discounts except to the extent such failure was the result of the Operator's gross negligence or willful misconduct. A direct purchase shall be deemed to occur when an agreement is made between an Operator and a third party for the acquisition of Material for a specific well site or location. Material provided by the Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material does not pass from the manufacturer, distributor, or agent until usage, is considered a direct purchase. If Material is found to be defective or is returned to the manufacturer, distributor, or agent for any other reason, credit shall be passed to the Joint Account within sixty (60) days after the Operator has received adjustment from the manufacturer, distributor, or agent.

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2. TRANSFERS

A transfer is determined to occur when the Operator (i) furnishes Material from a storage facility or from another operated property, (ii) has assumed liability for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material. Similarly, the removal of Material from the Joint Property to a storage facility or to another operated property is also considered a transfer; provided, however, Material that is moved from the Joint Property to a storage location for safe-keeping pending disposition may remain charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (*Disposition of Surplus*) and the Agreement to which this Accounting Procedure is attached.

A. PRICING

The value of Material transferred to/from the Joint Property should generally reflect the market value on the date of physical transfer. Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the Material valuation. When higher than specification grade or size tubulars are used in the conduct of Joint Operations, the Operator shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or sized tubulars are approved by the Parties pursuant to Section I.6.A (*General Matters*). Transfers of new Material will be priced using one of the following pricing methods; provided, however, the Operator shall use consistent pricing methods, and not alternate between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

(1) Using published prices in effect on date of movement as adjusted by the appropriate COPAS Historical Price Multiplier (HPM) or prices provided by the COPAS Computerized Equipment Pricing System (CEPS).

(a) For oil country tubulars and line pipe, the published price shall be based upon eastern mill carload base prices (Houston, Texas, for special end) adjusted as of date of movement, plus transportation cost as defined in Section IV.2.B (*Freight*).

(b) For other Material, the published price shall be the published list price in effect at date of movement, as listed by a Supply Store nearest the Joint Property where like Material is normally available, or point of manufacture plus transportation costs as defined in Section IV.2.B (*Freight*).

(2) Based on a price quotation from a vendor that reflects a current realistic acquisition cost.

(3) Based on the amount paid by the Operator for like Material in the vicinity of the Joint Property within the previous twelve (12) months from the date of physical transfer.

(4) As agreed to by the Participating Parties for Material being transferred to the Joint Property, and by the Parties owning the Material for Material being transferred from the Joint Property.

B. FREIGHT

Transportation costs shall be added to the Material transfer price using the method prescribed by the COPAS Computerized Equipment Pricing System (CEPS). If not using CEPS, transportation costs shall be calculated as follows:

(1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the Railway Receiving Point based on the carload weight basis

(2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the Railway Receiving Point. For transportation costs from other than eastern mills, the 30,000-pound interstate truck rate shall be used. Transportation costs for macaroni tubing shall be calculated based on the interstate truck rate per weight of tubing transferred to the Railway Receiving Point.

(3) Transportation costs for special end tubular goods shall be calculated using the interstate truck rate from Houston, Texas, to the Railway Receiving Point.

(4) Transportation costs for Material other than that described in Sections IV.2.B.(1) through (3), shall be calculated from the Supply Store or point of manufacture, whichever is appropriate, to the Railway Receiving Point

Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.

C. TAXES

Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.

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D. CONDITION

(1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%) of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties owning such Material, pursuant to Section I.6.A (*General Matters*). All refurbishing costs required or necessary to return the Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property. The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material for the receiving property.

(2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent (75%).

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct handling, transportation or other damages will be borne by the divesting property.

If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied by sixty-five percent (65%).

Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was not placed in service on the property shall be credited as charged without gain or loss.

(3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by fifty percent (50%).

The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

(4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section I.6.A (*General Matters*).

(5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

E. OTHER PRICING PROVISIONS

(1) Preparation Costs

Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or credits shall be made for used coating or wrapping.

(2) Loading and Unloading Costs

Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged

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3. DISPOSITION OF SURPLUS

Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or other dispositions as agreed to by the Parties.

Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:

- The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is attached without the prior approval of the Parties owning such Material.

- If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such Material.

- Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on the pricing methods set forth in Section IV.2 (*Transfers*).

- Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as Condition C.

- Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval of the Parties owning such Material.

4. SPECIAL PRICING PROVISIONS

A. PREMIUM PRICING

Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.

B. SHOP-MADE ITEMS

Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item commensurate with its use.

C. MILL REJECTS

Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-55 casing or tubing at the nearest size and weight.

V. INVENTORIES OF CONTROLLABLE MATERIAL

The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.

Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12) months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.

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1. DIRECTED INVENTORIES

Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of any directed inventory.

Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to commencement of the inventory. Expenses of directed inventories may include the following:

A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also be applied to a reasonable number of days for pre-inventory work and report preparation.

B. Actual transportation costs and Personal Expenses for the inventory team.

C. Reasonable charges for report preparation and distribution to the Non-Operators.

2. NON-DIRECTED INVENTORIES

A. OPERATOR INVENTORIES

Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

B. NON-OPERATOR INVENTORIES

Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory fieldwork.

C. SPECIAL INVENTORIES

The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories*), V.2.A (*Operator Inventories*), or V.2.B (*Non-Operator Inventories*), shall be charged to the Party requesting such inventory; provided, however, inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section V.1 (*Directed Inventories*).

VI. OTHER PROVISIONS

Notwithstanding anything herein to the contrary, Operator shall charge direct to the Joint Account all costs for third party or consulting services, materials for land, legal, and accounting services, including, without limitation, title research, lease acquisitions and title opinions.

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EXHIBIT "D"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

INSURANCE EXHIBIT

The Operator, during the term of this Agreement, shall carry insurance for the benefit and at the expense of the parties hereto as follows unless notified in writing by Non-Operator(s):

(A) Worker's Compensation Insurance as contemplated and required by the Laws of the state in which operations will be conducted.

(B) Employer's Liability Insurance with a minimum limit of $1,000,000.00.

(C) Commercial Automobile Liability Insurance with a combined single limit of not less than $1,000,000.00 per occurrence.

(D) Commercial General Liability Insurance with an occurrence limit of $1,000,000.00.

(E) Excess Liability Coverage with an each occurrence and general aggregate limit of not less than $5,000,000.00.

(F) Control of Well Insurance with the following limits for wells to be drilled;
$10MM for wells with completed well cost AFE's < $4MM
$20MM for wells with completed well cost AFE's $4MM to $7.5MM
$30MM for wells with completed well cost AFE's $7.5MM to $10MM
$40MM for wells with completed well cost AFE's > $10MM
Operator's control of well insurance shall cover the cost of controlling a well out of control, the expenses involved in re-drilling or restoring the well, and certain other related costs, including liability for seepage and pollution and liability for items in Operator's care, custody, and control. ($5,000,000 CCC Limit)

(G) Oil Lease Property coverage as determined by Operator.

The Operator shall charge the joint account for insurance premiums, and in event of a claim, the proportionate share of the deductible/retention. Losses not covered by such insurance *shall* be charged to the joint account proportionately. The Operator is solely responsible for selection of coverages but is not responsible for solvency of any Insurer(s).

All policies mentioned above, with the exception of workers compensation, shall be endorsed to provide that the underwriters and insurance companies waive their right of subrogation against the Non-Operator, its affiliates, subsidiaries and employees. In addition, the Non-Operating party shall be named as an additional insured under the policies listed.

In the event a Non-Operating party elects not to be covered for well control insurance, the Non-Operator shall notify operator prior to the spud date of a well and provide certificate of insurance with equal or higher limits of coverage. By such refusal of coverage the Non-Operating party agrees to be responsible for his proportionate share of such loss and shall be deemed to have indemnified the Operator of any such loss that would have been covered under the Operator's coverage, regardless of the degree or type of negligence, either sole, joint, concurrent, or gross, anything in this agreement to the contrary notwithstanding.

End of Exhibit "D"

Exhibit "E"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____ _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

Gas Balancing Agreement

NOTICE - Monthly Cash Balancing Form

I. DEFINITIONS

The following definitions shall apply to this Agreement:

1.01 "Arm's Length Agreement" shall mean any gas sales agreement with an unaffiliated purchaser of any gas sales agreement with an affiliated purchaser where the sales price and delivery conditions under such agreement are representative of prices and delivery conditions existing under other similar agreements in the area between unaffiliated parties at the same time for natural gas of comparable quality and quantity.

1.02 "Balancing Area" shall mean each well subject to the Joint Operating Agreement that produces Gas or is allocated a share of Gas production. If a single well is completed in two or more producing intervals, each producing interval from which the Gas production is not commingled in the wellbore shall be considered a separate well.

1.03 "Full Share of Current Production" shall mean the Percentage Interest of each Party in the Gas actually produced from the Balancing Area during each month.

1.04 "Gas" shall mean all hydrocarbons produced or producible from the Balancing Area, whether from a well classified as an oil well or gas well by the regulatory agency having jurisdiction in such matters, which are or may be made available for sale or separate disposition by the Parties, excluding oil, condensate and other liquids recovered by field equipment operated for the joint account. "Gas" does not include gas used in joint operations, such as for fuel, recycling or reinjection, or which is vented or lost prior to its sale of delivery from the Balancing Area.

1.05 "Makeup Gas" shall mean any Gas taken by an Underproduced Party from the Balancing Area in excess of its Full Share of Current Production pursuant to Section 3.3.

1.06 "MCF" shall mean one thousand cubic feet. A cubic foot of Gas shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base.

1.07 "MMBTU" shall mean one million British Thermal Units. A British Thermal Unit shall mean the quantity of heat required to raise one pound avoirdupois of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

1.08 "Operator" shall mean the individual or entity designated under the terms of the Joint Operating Agreement, or, in the event this Agreement is not employed in connection with a Joint Operating Agreement, the individual or entity designated as the operator of the well(s) located in the Balancing Area.

1.09 "Overproduced Party" shall mean any Party having taken a greater quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.10 "Overproduction" shall mean the cumulative quantity of Gas taken by a Party in excess of its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.11 "Party" shall mean those individuals or entities subject to this Agreement, and their representative heirs, successors, transferees and assigns.

1.12 "Percentage Interest" shall mean the percentage or decimal interest of each Party in the Gas produced from the Balancing Area pursuant to the Joint Operating Agreement covering the Balancing Area.

1.13 "Royalty" shall mean payments on production of Gas from the Balancing Area to all owners of royalties, overriding royalties, production payments or similar interests.

1.14 "Underproduced Party" shall mean any Party having taken a lesser quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

"Underproduction" shall mean the deficiency between the cumulative quantity of Gas taken by a Party and its Percentage Interest in the cumulative quantity of all Gas Produced from the Balancing Area.

"Winter Period" shall mean the month(s) of October - December in one calendar year and the month(s) of January - March in the succeeding calendar year.

II. BALANCING AREA

If this Agreement covers more than one Balancing Area, it shall be applied as if each Balancing Area were covered by separate but identical agreements. All balancing hereunder shall be on the basis of Gas taken from the Balancing Area measured in MMBTU's.

III. RIGHT OF PARTIES TO TAKE GAS

3.1 Each Party shall notify the Operator, or cause the Operator to be notified of the volumes nominated, the name of the transporting pipeline and the pipeline contract number (if available) and meter station relating to such delivery, sufficiently in advance for the Operator, acting with reasonable diligence, to meet all nomination and other requirements. Operator is authorized to deliver the volumes so nominated and confirmed (if confirmation is required) to the transporting pipeline in accordance with the terms of this Agreement.

3.2 Each Party shall make a reasonable, good faith effort to take its Full Share of Current Production at all times.

3.3 When a Party fails for any reason to take its Full Share of Current Production (as such Share may be reduced by the right of the other Parties to make up for Underproduction as provided herein), the other Parties shall be entitled to take any gas which such Party fails to take. To the extent practicable, such Gas shall be made available initially to each Underproduced Party in the proportion that its Percentage Interest in the Balancing Area bears to the total Percentage Interests of all Underproduced Parties desiring to take such Gas. If all such Gas is not taken by the Underproduced Parties, the portion not taken shall then be made available to the other Parties in the proportion that their respective Percentage Interests in the Balancing Area bear to the total Percentage Interests of such Parties.

3.4 All Gas taken by a Party in accordance with the provisions of this Agreement, regardless of whether such Party is underproduced or overproduced, shall be regarded as Gas taken for its own account with title thereto being in such taking Party.

3.5 In the event that a Party fails to make arrangements to take its Full Share of Current Production, the Operator may sell any part of such Party's Full Share of Current Production that such Party fails to take for the account of such Party and render to such Party, on a current basis, the full proceeds of the sale, less any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of such Full Share of Current Production. In making the sale contemplated herein, the Operator shall market such Party's proportionate share of gas produced from the contract Area on terms no less advantageous than those on which Operator markets to any non-affiliate its own proportionate share of gas produced from the Contract Area. Any such sale by Operator under the terms hereof shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the provisions of Article 3.4 hereof, Gas sold by Operator for a Party under the provisions hereof shall be deemed to be Gas taken for the account of such Party. Notwithstanding any provision herein, Operator will not make any sales under this Section 3.5 unless it has first notified a Party with seven (7) days written notice that a sale hereunder is contemplated.

IV. CASH BALANCING

Effective the first day of any calendar month, following the receipt of the Statement of Gas Balances as provided in Article V below, each Overproduced Party shall make payment to the Operator so as to eliminate its overproduction as provided in Article VII below.

V. STATEMENT OF GAS BALANCES

5.1 The Operator will maintain appropriate accounting on a monthly and cumulative basis of the volumes of Gas that each Party is entitled to receive and the volumes of Gas actually taken or sold for each Party's account. Within sixty (60) days after the month of production, the Operator will furnish a statement for such month showing (1) each Party's Full Share of Current Production, (2) the total volume of Gas actually taken or sold for each Party's account, (3) the difference between the volume taken by each Party and that Party's Full Share of Current Production, (4) the Overproduction or Underproduction of each Party, and (5) other data as recommended by the provisions of the Council of Petroleum Accountants Societies Bulletin No. 24, as amended or supplemented hereafter. Each Party taking Gas will promptly provide to the Operator any data required by the Operator for preparation of the statements required hereunder.

5.2 If any Party fails to provide the data required herein timely, the Operator, or where the Operator has failed to provide data, another Party, may audit the production and Gas sales and transportation volumes of the non-reporting Party to provide the required data. Such audit shall be conducted only after reasonable notice and during normal business hours in the office of the Party whose records are being audited. All costs associated with such audit will be charged to the account of the Party failing to provide the required data.

VI. PAYMENTS ON PRODUCTION

6.1 Each Party taking Gas shall pay or cause to be paid all production and severance taxes due on all volumes of Gas actually taken by such Party.

6.2 The Operator shall pay or cause to be paid all Royalty due with respect to Royalty Owners to whom it is accountable based on the volume of Gas actually taken for the respective Parties' account.

6.3 In the event that any governmental authority requires that Royalty payments be made on any other basis than that provided for in this Section VI, each Party agrees to make such Royalty payments accordingly, commencing on the effective date required by such governmental authority, and the method provided for herein shall be thereby superseded.

VII. CASH SETTLEMENTS

7.1 Effective the first day of any calendar month following the receipt of the Statement of Gas Balances as provided in Article V below, any Overproduced Party shall forward, via wire transfer, the cash amount of the value of its overproduction to the Operator. The Operator shall, within fifteen (15) days thereafter, pay to the respective Underproduced Party(ies) its (their) proportionate share of the value of the overproduction.

7.2 The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the Gas taken from time to time by the Overproduced Party in excess of the Overproduced Party's full share of Current Production. Any Makeup Gas taken by the Underproduced Party prior to monetary settlement hereunder will be applied to offset Overproduction chronologically in the order of accrual.

7.3 The values used for calculating the cash settlement under Section 7.2 will include all proceeds received for the sale of the Gas by the Overproduced Party calculated at the Balancing Area, after deducting any production or severance taxes paid and any Royalty actually paid by the Overproduced Party to an Underproduced Party's Royalty owner(s), to the extent said payments amounted to a discharge of said Underproduced Party's Royalty obligation, as well as any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of the Overproduction.

7.4 To the extent the Overproduced Party did not sell all Overproduction under an Arm's Length Agreement, the cash settlement will be based on the weighted average price received by the Overproduced Party for any gas sold from the Balancing Area under Arm's Length Agreements during the months to which such Overproduction is attributed. In the event that no sales under Arm's Length Agreements were made during any such month, the cash settlement for such month will be based on the first of the month weighted average spot sales prices published for the applicable pipelines in the applicable geographic area during such month, first, using Inside FERC's Gas Market Report and, then, using Natural Gas Intelligence if Inside FERC is no longer published. Should these publications cease to exist, a mutually acceptable pricing bulletin will be used.

7.5 Interest compounded at the prime rate in effect at Citibank N.A. of New York plus 4% per annum or the maximum lawful rate of interest applicable to the Balancing Area, whichever is less, will accrue for all amounts due under Section 7.1, beginning the first day following the date payment is due. Such interest shall be borne by the Operator or any Overproduced Party in the proportion that their respective delays beyond the deadlines set out in this Section, contributed to the accrual of the interest.

7.6 That portion of any monies collected by an Overproduced Party for Overproduction which is subject to refund by orders of the Federal Energy Regulatory Commission or other governmental authority may be withheld by the Overproduced Party until such prices are fully approved by such governmental authority, unless the

Underproduced Party furnishes a corporate undertaking, acceptable to the Overproduced Party, agreeing to hold the Overproduced Party harmless from financial loss due to refund orders by such governmental authority.

VIII. TESTING

Notwithstanding any provision of this Agreement to the contrary, any Party who is selling its gas production independently of Operator shall have the right, from time to time, to produce and take up to one hundred percent (100%) of a well's entire Gas stream to meet the reasonable deliverability test(s) required by such Party's Gas purchaser, and the right to take any Makeup Gas shall be subordinate to the right of any Party to conduct such tests; provided, however, that such tests shall be conducted in accordance with prudent operating practices only after ten (10) days' prior written notice to the Operator and shall last no longer than seventy-two (72) hours.

IX. OPERATING COSTS

Nothing in this Agreement shall change or affect any Party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on or in connection with the Balancing Area, as its share thereof is set forth in the Joint Operating Agreement, irrespective of whether any Party is at any time selling and using Gas or whether such sales or use are in proportion to its Percentage Interest in the Balancing Area.

X. LIQUIDS

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with Gas by field equipment operated for the joint account in accordance with their Percentage Interests in the Balancing Area.

XI. AUDIT RIGHTS

Notwithstanding any provision in this Agreement or any other agreement between the Parties hereto, and further notwithstanding any termination or cancellation of this Agreement, for a period of two (2) years from the end of the calendar year in which any information to be furnished under Section V or VII hereof is supplied, any Party shall have the right to audit the records of any other Party regarding quantity, including but not limited to information regarding BTU-content. Any Underproduced Party shall have the right for a period of two (2) years from the end of the calendar year in which any cash settlement is received pursuant to Section VII to audit the records of any Overproduced Party as to all matters concerning values, including but not limited to information regarding prices and disposition of Gas from the Balancing Area. Any such audit shall be conducted at the expense of the Party or Parties desiring such audit, and shall be conducted, after reasonable notice, during normal business hours in the office of the Party whose records are being audited. Each Party hereto agrees to maintain records as to the volumes and prices of Gas sold each month and the Volumes of Gas used in its own operations, along with the Royalty paid on any such Gas used by a Party in its own operations. The audit rights provided for in this Section XI shall be in addition to those provided for in Section 5.2 of this Agreement.

XII. MISCELLANEOUS

12.1 As between the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any gas sales contract, or in the event of any conflict between the provisions of the Joint Operating Agreement, the provisions of this Agreement shall govern.

12.2 Each Party agrees to defend, indemnify and hold harmless all other Parties from and against any and all liability for any claims, which may be asserted by any third Party which now or hereafter stands in a contractual relationship with such indemnifying Party and which arise out of the operation of this Agreement or any activities of such indemnifying Party under the provisions of this Agreement, and does further agree to save the other Parties harmless from all judgments or damages sustained and costs incurred in connection therewith.

12.3 Except as otherwise provided in this agreement, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other Parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder, except such as may result from Operator's gross negligence or willful misconduct. Operator shall not be liable to any Underproduced Party for the failure of any Overproduced Party (other than Operator) to pay any amounts owed pursuant to the terms hereof.

12.4 This Agreement shall remain in full force and effect for as long as the Joint Operating Agreement shall remain in force and effect as to the Balancing Area, and thereafter until the Gas accounts between the Parties are settled in full, and shall inure to the benefit of and be binding upon the Parties hereto, and their respective heirs, successors, legal representatives and assigns, if any. The Parties hereto agree to give notice of the existence of this Agreement to any successor in interest of any such Party and to provide that any such successor shall be bound by this Agreement, and shall further make any transfer of any interest subject to the Joint Operating Agreement, or any part thereof, also subject to the terms of this Agreement.

12.5 Unless the context clearly indicates otherwise, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

12.6 This Agreement shall bind the Parties in accordance with the provisions hereof, and nothing herein shall be construed or interpreted as creating any rights in any person or entity not a signatory hereto, or as being a stipulation in favor of any such person or entity.

12.7 If contemporaneously with this Agreement becoming effective, or thereafter, any Party requests that any other Party execute an appropriate memorandum or notice of this Agreement in order to give third parties notice of record of same and submits same for execution in recordable form, such memorandum or notice shall be duly executed by the Party to which such request is made and delivered promptly thereafter to the Party making the request. Upon receipt, the Party making the request shall cause the memorandum or notice to be duly recorded in the appropriate real property or other records affecting the Balancing Area.

12.8 In the event federal tax regulations require a uniform method of computing taxable income by all Parties, the Parties agree to negotiate in good faith to agree upon such a uniform method that is in accordance with the requirements of said tax regulations.

XIII. ASSIGNMENT AND RIGHTS UPON ASSIGNMENT

13.1 Subject to the provisions of Sections 13.2 and 13.3 hereof, and notwithstanding anything in this Agreement or in the Joint Operating Agreement to the contrary, if any Party assigns (including any sale, exchange or other transfer) any of its working interest in the Balancing Area when such Party is an Underproduced or Overproduced Party, the assignment or other act of transfer shall, insofar as the parties hereto are concerned, include all interest of the assigning or transferring Party in the Gas, all rights to receive or obligations to make any monetary payment which may ultimately be due hereunder, as applicable. Operator and each of the other Parties hereto shall thereafter treat the assignment accordingly, and the assigning or transferring Party shall look solely to its assignee or other

transferee for any interest in the Gas or monetary payment that such Party may have or to which it may be entitled, and shall cause its assignee or other transferee to assume its obligations hereunder.

13.2 Notwithstanding anything in this Agreement (including but not limited to the provisions of Section 13.1 hereof) or in the Joint Operating Agreement to the contrary, and subject to the provisions of Section 13.3 hereof, in the event an Overproduced Party intends to sell, assign, exchange or otherwise transfer any of its interest in a Balancing Area, such Overproduced Party shall notify in writing the other working interest owners who are Parties hereto in such Balancing Area of such fact at least thirty (30) days prior to closing the transaction. Thereafter, any Underproduced Party may demand from such Overproduced Party in writing, within twenty (20) days after receipt of the Overproduced Party's notice, a cash settlement of its Underproduction from the Balancing Area. The Operator shall be notified of any such demand and of any cash settlement pursuant to this Section XIII, and the Overproduction and Underproduction of each Party shall be adjusted accordingly. Any cash settlement pursuant to this Section XIII shall be paid by the Overproduced Party (i) in accordance with Article VII or (ii) at the closing of the transaction in which the Overproduced Party sells, assigns, exchanges or otherwise transfers its interest in a Balancing Area, whichever is the earlier, and shall bear interest at the rate set forth in Section 7.5 hereof, beginning sixty (60) days after the Overproduced Party's sale, assignment, exchange or transfer of its interest in the Balancing Area for any amounts not paid. Provided, however, if any Underproduced Party does not so demand such cash settlement of its Underproduction from the Balancing Area, such Underproduced Party shall look exclusively to the assignee or other successor in interest of the Overproduced Party giving notice hereunder for the satisfaction of such Underproduced Party's Underproduction in accordance with the provisions of Section 13.1 hereof.

13.3 The provisions of this Section XIII shall not be applicable in the event any Party mortgages its interest or disposes of its interest by merger, reorganization, consolidation or sale of substantially all of its assets to a subsidiary or parent company, or to any company in which any parent or subsidiary of such Party owns a majority of the stock of such company.

End of Exhibit "E"

EXHIBIT "F"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

MEMORANDUM OF OPERATING AGREEMENT AND FINANCING STATEMENT

THE STATE OF _____ §
§
COUNTY OF _____ §

THIS AGREEMENT is made and entered into by and between AM Idaho, LLC, (hereinafter referred to as "OPERATOR"), and the undersigned parties (hereinafter referred to as "NON-OPERATORS").

WHEREAS, the parties to this Memorandum of Operating Agreement and Financing Statement (hereinafter referred to as "Agreement") are owners of certain Oil and Gas Leases and/or Oil and Gas Interests covering the _____Prospect Area described in Exhibit "A" which is attached to and made a part the Operating Agreement (said Land(s), Lease(s) and Interest(s) are hereinafter referred to as the "Contract Area"), and in any instance in which the Lease(s) or Interest(s) of a party are not of record, the record owner and the party hereto that owns the interest or rights therein are reflected on said Exhibit "A"; AND,

WHEREAS, the parties hereto have subjected their interests in the Contract Area to an Operating Agreement dated effective the ____ day of _____, 2012 governing operations on and in the Contract Area, by and between OPERATOR and NON-OPERATORS, (such Operating Agreement hereinafter referred to as the "Operating Agreement"), covering the Contract Area for the purpose of exploring and developing such lands, Leases and Interests for oil and gas; AND,

WHEREAS, the parties hereto have executed this Agreement for the purpose of imparting notice to all persons of the rights and obligations of the parties under the Operating Agreement and for the further purpose of perfecting those rights capable of perfection;

NOW, THEREFORE, in consideration of the mutual rights, covenants and obligations of the parties hereto, it is hereby agreed between the parties as follows:

1. This Agreement is a supplemental to the Operating Agreement, which, for all purposes reference is hereby made and the terms and provisions contained therein are incorporated herewith in their entirety, and all terms used herein shall have the same meaning ascribed to them in said Operating Agreement.

2. The parties hereby agree that:

   A. The Oil and Gas Lease(s) and/or Oil and Gas Interest(s) of the parties comprised by the Contract Area shall be subject to and burdened with the terms and provisions of this Agreement and the Operating Agreement, and the parties do hereby commit such Lease)s) and Interest(s) to the performance thereof.

   B. The exploration and development of the Contract Area for oil and gas shall be governed by the terms and provisions of the Operating Agreement, as supplemented by this Agreement.

   C. All costs and liabilities incurred in operations under this Agreement and the Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties hereto, as provided in the Operating Agreement.

   D. Regardless of the record title ownership to the Oil and Gas Leases and/or Oil and Gas Interests identified on Exhibit "A", all production of oil and gas from the Contract Area shall be owned by the parties as provided in the Operating Agreement; provided nothing contained in this Agreement shall be deemed an assignment or cross-assignment of interests covered hereby.

   E. Each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area as provided in the Operating Agreement.

   F. Any overriding royalty, production payment, net profits interest or other burden payable out of production hereafter created, assignments of production given as security for the payment of money and those overriding royalties, production payments and other burdens payable out of production heretofore created and defined as Subsequently Created Interests in the Operating Agreement shall be (i) borne solely by the party whose interest is burdened therewith, (ii) subject to suspension if a party is required to assign or relinquish to another party an interest which is subject to such burden, and (iii) subject to the lien and security interest hereinafter provided if the

party subject to such burden fails to pay its share of expenses chargeable hereunder and under the Operating Agreement, all upon the terms and provisions and in the times and manner provided by the Operating Agreement.

G. The Oil and Gas Leases and/or Oil and Gas Interests which are subject hereto may not be assigned or transferred except in accordance with those terms, provisions and restrictions in the Operating Agreement regulating such transfers. This Agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, devisees, legal representatives, and assigns.

H. The parties shall have the right to acquire an interest in any renewal, extension or replacement leases, leases proposed to be surrendered, wells proposed to be abandoned, and interests to be relinquished as a result of non-participation in subsequent operations, all in accordance with the terms and provisions of the Operating Agreement.

I. The rights and obligations of the parties and the adjustment of interests among them in the event of a failure or loss of title, failure to participate in acquisitions under the Area of Mutual Interest or the participation in a greater interest in such acquisitions, each party's right to propose operations, obligations with respect to participation in operations on the Contract Area and the consequences of a failure to participate in operations, the rights and obligations of the parties regarding the marketing of production, and the rights and remedies of the parties for failure to comply with financial obligations shall be as provided in the Operating Agreement.

J. Each party's interest under this Agreement and under the Operating Agreement shall be subject to relinquishment for its failure to participate in subsequent operations and each party's share of production and costs shall be reallocated on the basis of such relinquishment, all upon the terms and provisions provided in the Operating Agreement.

3. All other matters with respect to exploration and development of the Contract Area and the ownership and transfer of the Oil and Gas Leases and/or Oil and Gas Interest therein shall be governed by the terms and provisions of the Operating Agreement.

4. The parties hereby grant reciprocal liens and security interests to each other as follows:

A. Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and/or Oil and Gas Interests in the Contract Area, and a security interest and for purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this Agreement and the Operating Agreement including but not limited to payment of expenses, interest and fees, the proper disbursement of all monies paid under this Agreement and the Operating Agreement, the assignment or relinquishment of interest in Oil and Gas Leases as required under this Agreement and the Operating Agreement, and the proper performance of operations under this Agreement and the Operating Agreement. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this Agreement and the Operating Agreement, the oil and gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of oil and/or gas at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

B. Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in the Oil and Gas Leases and/or Oil and Gas Interests covered by this Agreement and the Operating Agreement by, through or under such party. All parties acquiring an interest in any Oil and Gas Leases and/or Oil and Gas Interests covered by this Agreement and the Operating Agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have been taken subject to the lien and security interest granted by the Operating Agreement and this instrument as to all obligations attributable to such interest under this Agreement and the Operating Agreement whether or not such obligations arise before or after such interest is acquired.

C. To the extent that the parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed 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 party in the payment of Its share of expenses, interest or fees, or upon the improper use of funds by the OPERATOR, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of oil and gas until the amount owed by such party, plus interest, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such

defaulting party's share of oil and gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

D. If any party fails to pay its share of expenses within one hundred twenty (120) days after rendition of a statement therefor by OPERATOR, OPERATOR shall pay the unpaid amount. The amount paid by OPERATOR shall be secured by the liens and security rights described in this paragraph 3. and in Article VII.B. of the Operating Agreement, and OPERATOR may pursue any remedy available under the Operating Agreement or otherwise.

E. If any party does not perform all of its obligations under this Agreement or the Operating Agreement, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this Agreement or the Operating Agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

F. The lien and security interest granted by this paragraph 3. supplements identical rights granted under the Operating Agreement.

G. To the extent permitted by applicable law, NON-OPERATORS agree that OPERATOR may invoke or utilize the mechanics' or materialman's lien law of the state in which the Contract Area is situated in order to secure the payment to OPERATOR of any sum due under this Agreement and the Operating Agreement for services performed or materials supplied by OPERATOR.

H. The above described security will be financed at the wellhead of the well or wells located on the Contract Area and this Memorandum of Operating Agreement and Financing Statement may be filed in the land records in the County or Parish in which the Contract Area is located, and as a financing statement in all recording offices required under the Uniform Commercial Code or other applicable state statutes to perfect the above described security interest, and any party hereto may file a continuation statement as necessary under the Uniform Commercial Code, or other state laws.

5. This Agreement shall be effective as of the date of the Operating Agreement as above recited. Upon termination of this Agreement and the Operating Agreement and the satisfaction of all obligations thereunder, OPERATOR is authorized to file of record in all necessary recording offices a notice of termination, and upon the request of OPERATOR, each party hereto agrees to execute such a notice of termination as to OPERATOR'S interest, if OPERATOR has complied with all of its financial obligations.

6. This Agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. Every sale, encumbrance, transfer or other disposition made by any party of any interest in the Oil and Gas Leases and/or Oil and Gas Interests subject hereto shall be made expressly subject to this Agreement and the Operating Agreement and without prejudice to the rights of the other parties. The assignee of an ownership interest in any Oil and Gas Lease and/or Oil and Gas Interests shall be deemed a party to this Agreement and the Operating Agreement as to the interest assigned from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party under this Agreement or the Operating Agreement with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted under this Agreement and the Operating Agreement in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. of the Operating Agreement and hereby shall continue to burden the interest transferred to secure payment of any such obligations.

7. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of the Operating Agreement, then, as between the parties, the terms and provisions of the Operating Agreement shall control.

8. This agreement shall be binding upon each NON-OPERATOR when this agreement or a counterpart thereof has been executed by NON-OPERATOR and OPERATOR notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area. In the event that any provision herein is illegal or unenforceable, the remaining provisions shall not be affected, and shall be enforced as if the illegal or unenforceable provision did not appear herein.

IN WITNESS WHEREOF, this Agreement shall be effective as of the _____ day of _____, 2012.

OPERATOR:

AM IDAHO, LLC
By: Alta Mesa GP, LLC
Its: General Partner

_____
F. David Murrell, VP-Land

NON-OPERATORS:

_____

_____

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20____, by F. David Murrell, Vice President of Land of **Alta Mesa GP, LLC, General Partner of AM Idaho, LLC**, a limited partnership, on behalf of said partnership.

_____
Notary Public in and for the
State of Texas

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20____, by ____ _____, the _____ of _____,on behalf of said company.

_____
Notary Public in and for the
State of _____

End of Exhibit "F"

EXHIBIT E

Attached to and made a part of that certain Participation Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

AMI Area

Plat of Willow and Hamilton Fields
Payette County, Idaho

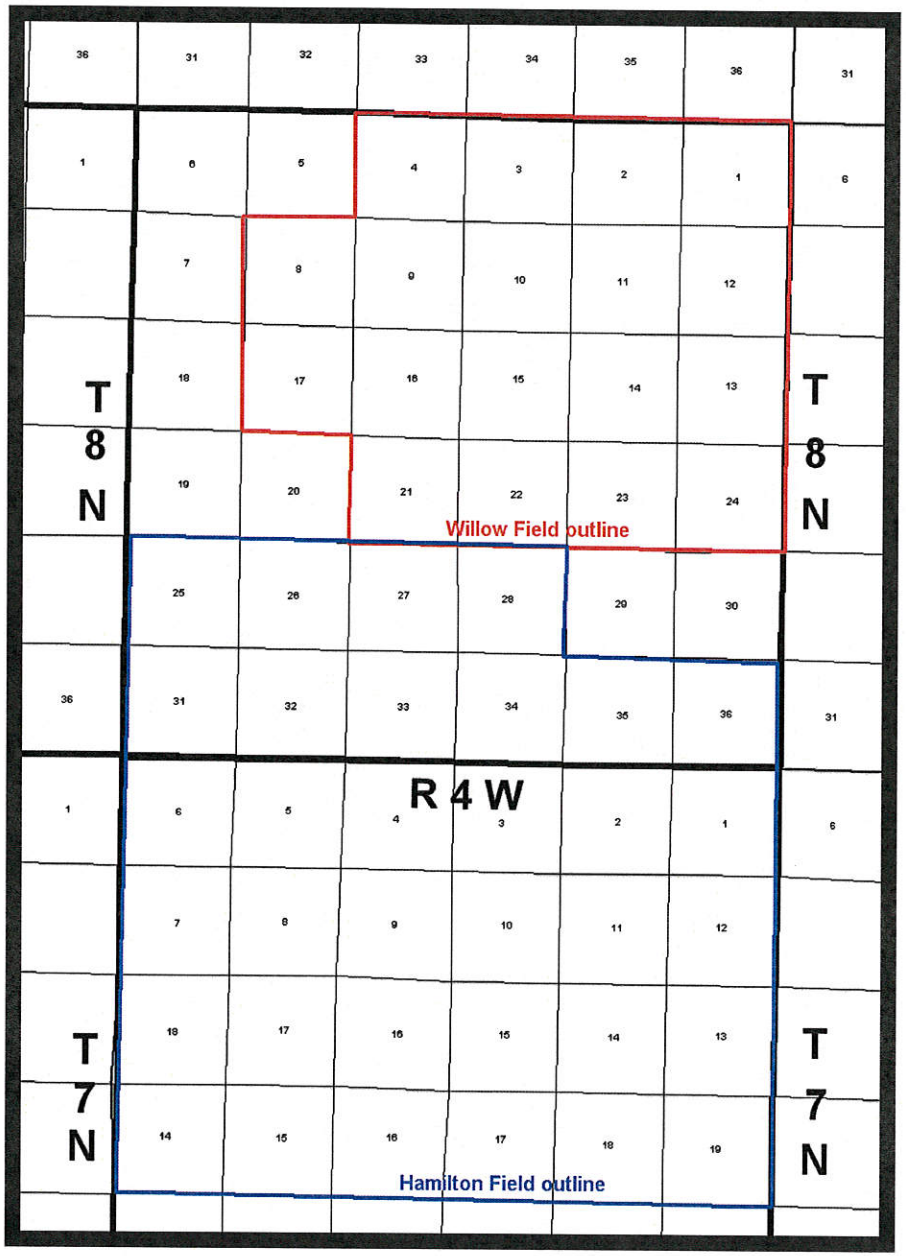


EXHIBIT I

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

FORM OF EXPLORATION AGREEMENT

EXPLORATION AGREEMENT
Payette Area
Payette, Gem, and Washington Counties, Idaho, and Malheur County, Oregon

THIS PARTICIPATION AGREEMENT ("Agreement") is made and entered into on February 14, 2012, by and between **Bridge Resources, Corp.**, whose address is 1580 Lincoln Street, Suite 1110, Denver, Colorado ("Bridge") and **Alta Mesa Holdings, LP**, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("AMH"). Bridge and AMH may sometimes be referred to as "Party" or collectively as the "Parties".

WHEREAS, Bridge is the present owner and holder of an undivided 100% working interest in and to those certain oil and gas leases described in EXHIBIT A attached hereto (the "Leases") covering the lands depicted on EXHIBIT B attached hereto (the "Lands"); and

WHEREAS, Bridge and AMH wish to collectively participate in the exploration and development of the Leases, Lands and other lands within the AMI Area (as hereinafter defined) for the production and sale of oil and/or gas (the "Project").

NOW, THEREFORE, in consideration of ten dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter contained, it is hereby agreed by and between BRIDGE and AMH as follows:

1. **CONSIDERATION AND PARTICIPATION**: On or before March 20, 2012, Bridge shall assign to AMH an undivided 85% of 8/8ths working interest in and to the Leases and all other rights related thereto, including, without limitation, rights-of-way, surface rights, equipment, and contracts, in the form of assignment attached hereto as Exhibit C (the "Assignment"). As consideration for the Assignment, AMH shall commence an exploration program on the Project to identify, explore and develop Prospects (as hereinafter defined), which exploration program shall include the acquisition of seismic and other data, lease acquisitions, drilling and other activities relating to the Project. AMH shall bear and be responsible for one hundred percent (100%) of all costs and expenses associated with the Project until such time as such costs and expenses equal eight million and 00/100 dollars ($8,000,000.00), after which AMH shall pay its proportionate share (85%) of all costs incurred by the Parties associated with the Project and Bridge shall pay its proportionate share (15%) of all costs incurred by the Parties associated with the Project in accordance with the terms of the Operating Agreement (as hereinafter defined). In the event AMH has not incurred $8,000,000.00 in costs and expenses associated with the Project on or before eighteen (18) months following the date of this Agreement, AMH shall tender to Bridge 15% of the amount equal to the difference between $8,000,000.00 and the actual costs incurred by AMH as of 18 months following the date of this Agreement.

2. **OPERATING AGREEMENT/OPERATIONS**: Simultaneously with the execution of this Agreement, Bridge and AMH shall execute the Operating Agreement attached hereto as EXHIBIT D (the "Operating Agreement"). Except as otherwise set forth herein, the Operating Agreement shall govern all operations on the Project. AMH shall be named as the Operator in the Operating Agreement and shall be the Operator for all operations on the Project, including, but not limited to,

any additional land or lease activities, pursuant and subject to the terms of the Operating Agreement and this Agreement. AMH shall perform its duties as Operator under this Agreement and the Operating Agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with general industry standards, and in compliance with applicable laws and regulations, but in no event shall it have any liability as Operator to Bridge or it's affiliates, directors, shareholders, officers, employees, agents and contractors for losses sustained or liabilities incurred except such as may result from its gross negligence or willful misconduct.

3. **AREA OF MUTUAL INTEREST**: The Parties hereby agree that the lands depicted on the plat attached hereto as EXHIBIT E shall constitute an Area of Mutual Interest (the "AMI Area"), which shall remain in force and effect for a term of [] years from the date of this Agreement. Upon expiration of such [#] year period, the AMI Area shall be reduced in size to include only: A) lands covered by then unexpired leases jointly owned by the Parties; and/or B) lands situated within the outer surface boundaries of pooled or production units for producing (or shut-in) wells in which both Parties own an interest. In the event either Party hereafter acquires, either directly or indirectly, oil and gas leases, oil and gas lease options, farmouts, seismic options, seismic permits, fee mineral interests or other interests in oil, gas and other minerals (collectively "Oil and Gas Interests") covering lands in the AMI Area, the acquiring Party shall give written notice of the acquisition to the other Party within thirty (30) days after the acquisition of such interests. The notice shall include copies of all instruments of conveyance, paid drafts or checks, itemized invoices of the actual costs incurred, burdens and obligations and other available information concerning the acquisition. The non-acquiring Party shall have the option, but not the obligation, to participate for its proportionate share of the acquired Oil and Gas Interests by giving written notice thereof and paying to the acquiring Party its proportionate share of all acquisition costs within thirty (30) days after receipt of notice of the acquisition and, upon receipt of such payment, the acquiring Party shall deliver an assignment to the other Party of its proportionate share of the acquired Oil and Gas Interests in the same form as the assignment attached hereto as Exhibit C. Thereafter, the acquired Oil and Gas Interests shall be added to the appropriate exhibit to the Operating Agreement and be governed by the provisions thereof. In the event the non-acquiring Party elects not to participate in the acquisition of Oil and Gas Interests, or fails to timely give written notice of its election to participate and pay to the acquiring Party its proportionate share of all acquisition costs relating thereto, the non-acquiring Party shall have no interest in the acquired Oil and Gas Interests. To the extent any acquisition of Oil and Gas Interests covers lands inside and outside the AMI Area, only that acreage located within the AMI Area shall be offered to the non-acquiring Party, provided, however, the acquiring Party may, at its sole discretion, offer the lands located outside the AMI Area to the other Party under the same terms and conditions set forth above. In the event the non-acquiring Party elects to exercise its option to participate in the outside lands, the AMI Area and this Agreement shall be amended to include such lands located outside the AMI Area. Notwithstanding anything herein to the contrary, the provisions set forth herein shall not apply to any acquisitions which result from acts of merger, consolidation, reorganization with, by or between a parent company, subsidiary or affiliated corporation or the acquisition by a Party hereto of the interest of the other Party hereto.

4. **EXPLORATION AND DEVELOPMENT OF THE PROJECT**:

A. From and after the date of this Agreement until eighteen (18) months following the date of this Agreement, or such time as AMH has incurred $8,000,000.00 in costs and expenses associated with the Project, whichever occurs first, AMH shall have the sole and exclusive right and authority, at its sole discretion, to acquire seismic and other data relating to the AMI Area, acquire Oil and Gas Interests covering lands in the AMI Area and conduct such drilling and other activities on the lands in the AMI Area as it deems necessary or desirable in furtherance of the Project, all of which shall be for the joint account of the Parties.

B. From and after eighteen (18) months following the date of this Agreement, or such time as AMH has incurred $8,000,000.00 in costs and expenses associated with the Project, whichever occurs first, each Party has the right, authority and option, but not the obligation or duty, to propose operations on geographical areas of land within the AMI Area that, based upon evaluation of geological, geophysical and/or other data, it has identified as an area encompassing a specific anomaly or structural/stratigraphic trap indicating the potential for the discovery of oil and/or gas in commercial quantities, which geographical areas shall not be greater than [#] acres and shall cover all depths unless otherwise agreed to by the Parties ("Prospect" or "Prospects"), by giving the other Party written notice of a proposed Prospect, which notice shall include a map or plat of the lands to be included in the Prospect, geological, geophysical and/or other data relating to the exploration and development of the Prospect, the objective depth of the initial well to be drilled on the Prospect and an Authority for Expenditures (AFE) setting forth the projected costs to drill and complete the initial well on the Prospect. The Party receiving notice of a proposed Prospect shall have the option, but not the obligation, to participate for its proportionate share in the Prospect by executing the AFE and returning same to the proposing Party along with its proportionate share of the estimated costs to drill and complete the initial well on the Prospect (as set forth in the AFE) within thirty (30) days of receipt of notice of the proposed Prospect. In the event a Party elects not to participate in a proposed Prospect, or fails to timely execute and deliver the AFE and pay its proportionate share of the estimated costs to drill and complete the initial well on the Prospect, it shall within ten (10) days thereafter deliver to the proposing Party an assignment of all of its right, title and interest in and to the Oil and Gas Interests in the proposed Prospect in the form attached hereto as Exhibit C and this Agreement and the AMI Area shall be amended to exclude such Oil and Gas Interests.

5. **INTERESTS OF THE PARTIES**: Except as otherwise specifically provided in this Agreement, all costs and liabilities incurred in operations under the terms of this Agreement and/or the Operating Agreement shall be borne by the Parties as set forth in the Operating Agreement, and all information and data generated during the term of this Agreement, all equipment and materials acquired, and all production of oil and gas from the Project shall be owned by the Parties as set forth in the Operating Agreement.

6. **CONFIDENTIALITY**: The Parties agree that any and all data relating to the Project, including, but not limited to, leasehold information and geological and/or geophysical data and analysis, shall be deemed confidential and proprietary information that is competitively sensitive

("Confidential Information"). Except as provided below, and except as to Confidential Information which is or becomes available in the public domain, Confidential Information which the Parties are legally compelled to disclose and Confidential Information required by a regulatory agency or securities exchange agency to which a Party is subject, the parties agree, during the terms of this Agreement and/or the Operating Agreement, to: (1) treat each and every item of Confidential Information as confidential, using the highest standard of care in the maintenance, storage and handling thereof; (2) not disclose Confidential Information, or any part thereof to any other party, except as may be expressly authorized below; (3) use the Confidential Information solely for the purposes of conceiving and defining development of the Project that will be pursued in accordance with this Agreement and/or the Operating Agreement; and (4) not use the Confidential Information or any part thereof for any purpose other than as may be expressly authorized in this Agreement and/or the Operating Agreement.

Notwithstanding the foregoing, Confidential Information may be disclosed to: (1) employees and officers of the Parties under circumstances where such employees and officers have been made aware of the confidential nature of the Confidential Information and the obligation to maintain its confidentiality; (2) employees and officers of any company in which either of the Parties owns more than 50% of the outstanding stock, or any company who owns more than 50% of the outstanding stock of either of the Parties; (3) any professional consultant retained by either of the Parties who will evaluate the Confidential Information for the purposes authorized in this Agreement and/or the Operating Agreement; (4) any financial institution offering debt or equity financing to either of the Parties, and any professional consultant retained by such financial institution for the purpose of evaluating the Confidential Information; and (5) any bona fide prospective purchaser of all or any portion of the interest of either of the Parties in the Project.

7. **NOTICE:** Any notice or other communication required or permitted hereunder shall be deemed to have been properly given or delivered when delivered personally or when sent by certified mail or facsimile, with all postage or charges fully prepaid as follows:

BRIDGE

AMH

The date of service by mail shall be the date on which such written notice or other communication is received. Each Party hereto shall have the right to change its address by notifying the other Party in writing.

8. **TERM OF AGREEMENT**: This Agreement shall remain in full force and effect for so long as the Operating Agreement remains effective as to any of the Leases, Lands and/or acquired Oil and Gas Interests in which both Parties elected to participate.

9. **NO RESTRICTIONS ON ASSIGNMENT**: Either Party may assign all or a part of its interest under this Agreement to one or more third parties, which assignee(s) shall then be subject to this Agreement and the Operating Agreement, and shall be deemed to have assumed the assigning

party's obligations pursuant to this Agreement and the Operating Agreement proportionate to their assigned interests.

10. **MISCELLANEOUS**:

(A) This Agreement is not intended to create and shall not be construed as creating a partnership or joint venture between the Parties under the laws of the State of Idaho, but the respective rights and obligations of the Parties hereto shall in all respects be several and be governed by the express provisions hereof. The Parties agree that they do not have, and hold each other harmless from and against, any claims (present and future) for, any fiduciary or other duties to the other that would in any manner arise from any claim that the relation between them is that of co-partners, partners, joint venturers or other similar form of relation, irrespective of how nominated.

(B) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Idaho, without regard to conflicts of laws principles thereof, and shall be binding upon and inure to the benefit of the Parties and their respective heirs, personal representatives, successors, and assigns. Venue for all causes of action arising hereunder shall be in Payette County, Idaho.

(C) In case any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, any other provisions in this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein. Such invalid, illegal or unenforceable provisions shall be given effect to the maximum extent then permitted by law.

(D) Each of the Parties hereto shall, at any time and from time to time after the date hereof, upon request by the other Party and without further consideration, execute and deliver such instruments of transfer or other documents and take such further action as may be reasonably required in order to effectuate and consummate the transactions contemplated hereby.

(E) Except as otherwise expressly set forth in this Agreement, no person or entity not a party to this Agreement shall have rights under this Agreement as a third party beneficiary or otherwise.

(F) This Agreement, together with any exhibits, attachments or documents executed in connection herewith, supersedes any and all prior or contemporaneous understandings, statements, representations, warranties and agreements, whether written or oral, between the Parties relating to the subject matter hereof. In the event of any conflict between the provisions of this Agreement and any exhibit, attachment or document executed in connection herewith, this Agreement shall control. Any amendments to this Agreement shall be in writing and executed by the Parties.

(G) This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A facsimile, telegraphic or any other form of authenticated electronic signature shall be

effective in all respects as an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BRIDGE

_____

By:
Its:

AMH

_____

By:
Its:

EXHIBIT A Leases
EXHIBIT B Lands
EXHIBIT C Assignment
EXHIBIT D Operating Agreement
EXHIBIT E AMI Area

EXHIBIT A

Attached to and made a part of that certain Exploration Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Leases

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES COUNT	LEASE ROYALTY	LEASE ORRI	PAYETTE - OTHER GROSS ACRES	PAYETTE - OTHER NET ACRES
100-001	Charles N. Kauffman, a single man and Randall C. Kauffman, a married man dealing in his sole and separate property, as Tenants in Common	Bridge Energy Inc.	2/2/2006	9N	4W	33	Payette	333677	707.6200	707.62	707.62	12.50%	5.00%	520.00	520.00
100-002	Randall C. Kauffman, and Thana M. Kauffman, husband and wife	Bridge Energy Inc.	2/3/2006	8N	5W	2	Payette	333676	1283.4500	1213.368	1283.45	12.50%	5.00%	967.95	900.61
100-006A	L.G. Davison & Sons, Inc., an Idaho corporation	Bridge Energy Inc.	3/10/2006	6N	4W	3	Payette	333967/ 348684	2227.9300	2203.29	2227.93	12.50%	5.00%	1808.41	1783.77
100-009	Larry L. Dahnke, and Susan E. Dahnke, husband and wife	Bridge Energy Inc.	3/31/2006	9N	4W	35	Payette	334611	790.2500	790.25	790.25	12.50%	5.00%	649.03	649.03
100-010	Clark Roland, and Danita Roland, husband and wife	Bridge Energy Inc.	4/6/2006	8N	5W	12	Payette	334614	67.0000	67.00	67.00	12.50%	5.00%	32.00	32.00
100-012	Edgar E. Clinton, a single man	Bridge Energy Inc.	4/11/2006	7N	4W	35	Payette	334612	230.0000	230.00	230.00	12.50%	5.00%	230.00	230.00
100-013	Quentin L. Mikesell, and Sharon E. Mikesell, husband and wife.	Bridge Energy Inc.	4/12/2006	7N	4W	26	Payette	334613	89.3500	89.35	89.35	12.50%	5.00%	89.35	89.35
100-015	Daryl Horst, and Carol Horst, husband and wife	Bridge Energy Inc.	9/8/2006	9N	3W	31	Payette	338788	170.9700	170.97	170.97	12.50%	5.00%	170.97	170.97
100-017	David W. Walker, and Fay M. Walker, husband and wife.	Bridge Energy Inc.	5/23/2006	6N	4W	1	Payette	335897	84.3400	84.34	84.34	12.50%	5.00%	84.34	84.34
100-018	J.G. Schwarz, also known as Joseph G. Schwarz, a single man	Bridge Energy Inc.	6/8/2006	8N	3W	19	Payette	336794	2227.8100	2227.81	2227.81	12.50%	5.00%	2014.84	2014.84
100-019	Island Capitol, LLC, an Idaho limited liability company	Bridge Energy Inc.	6/7/2006	7N	3W	8	Payette	336862	2220.4300	2220.43	2220.43	12.50%	5.00%	2220.43	2220.43
100-020	J.R. Simplot Company, a Nevada Corporation	Bridge Energy Inc.	6/7/2006	7N	3W	6	Gem/Payette	336790	5250.4800	4758.49	5250.48	14.00%	4.00%	1768.07	1669.09
100-021	ML Investment Company a Nevada Corporation	Bridge Energy Inc.	6/7/2006	8N	4W	2	Payette	336791	3488.3600	3292.21	3428.36	16.00%	3.00%	200.00	100.00
100-022	Bar-U-, Inc., a Idaho Corporation	Bridge Energy Inc.	6/7/2006	8N	5W	33	Payette	336792	154.7600	154.76	154.76	14.00%	4.00%	154.76	154.76
100-023	Big Willow Creek Company, an Idaho Corporation	Bridge Energy Inc.	6/23/2006	8N	3W	4	Payette	348619	3640.0800	3640.08	3640.08	12.50%	5.00%	2779.86	2779.86
100-024	Sand Hollow Partnership, L.L.P,, an Idaho Limited Liability Partnership	Bridge Energy Inc.	6/20/2006	9N	4W	2	Payette / Washington	336789	4862.3500	4382.35	4862.35	12.50%	5.00%	4427.54	3947.55
100-026	Calvin Myers, and Pamela Myers, husband and wife,	Bridge Energy Inc.	6/1/2006	7N	4W	27	Payette	336354	152.6200	152.62	152.62	12.50%	5.00%	152.62	152.62
100-027	Alan D. Myers, a married man dealing in his sole and separate property	Bridge Energy Inc.	6/1/2006	7N	4W	27	Payette	336352	42.0000	42.00	42.00	12.50%	5.00%	42.00	42.00
100-034	Dennis V. Holbrook, and Arlene Holbrook	Bridge Energy Inc.	6/27/2006	7N	4W	24	Payette	336795	30.1100	30.11	30.11	12.50%	5.00%	20.00	20.00
100-036	Gladys Eunice Costa	Bridge Energy Inc.	6/20/2006	8N	4W	19	Payette	336860	80.0000	15.40	80.00	12.50%	5.00%	80.00	15.40
100-037A	William O. Smith	Bridge Energy Inc.	6/28/2006	8N	4W	20	Payette	336861	488.9600	108.74	488.96	12.50%	5.00%	488.96	108.74
100-037B	Rita Jeanne Bingaman	Bridge Energy Inc.	6/28/2006	8N	4W	19	Payette	337892		108.74	0	12.50%	5.00%	488.96	108.74
100-043	Louis O. Schutt, and Dianne P. Schutt, husband and wife	Bridge Energy Inc.	7/15/2006	7N	3W	30	Payette	337894	69.7600	69.76	69.76	12.50%	5.00%	69.76	69.76
100-046	George D. McClelland, and Carol A. McClelland, husband and wife	Bridge Energy Inc.	8/1/2006	7N	5W	3	Payette	337895	41.5100	41.51	41.51	12.50%	5.00%	41.51	41.51

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100-050	Ben C. Dougal, and Catherine M. Dougal, husband and wife	Bridge Energy Inc.	7/28/2006	7N	3W	32	Payette	338083	114.3000	114.30	114.30	12.50%	5.00%	114.30	114.30
100-051	Tom T. Murata, and Sachi Murata, husband and wife	Bridge Energy Inc.	8/3/2006	8N	5W	25	Payette	337893	81.1300	81.13	81.13	12.50%	5.00%	81.13	81.13
100-053	Alan D. Johnson, a single man	Bridge Energy Inc.	8/9/2006	8N	4W	29	Payette	338082	40.0000	40.00	40.00	12.50%	5.00%	40.00	40.00
100-056A	Lois C. Moss, Individually and as Trustee of The Lois C. Moss Trust	Bridge Energy Inc.	8/7/2006	7N	3W	31	Payette	338085	68.8600	34.43	68.86	12.50%	5.00%	68.86	34.43
100-057	Wayne A. Snavely, and Janis L. Snavely, as Trustees of the Wayne A. and Janis L. Snavely Family Trust, dated August 7, 2002	Bridge Energy Inc.	8/16/2006	8N	5W	24	Payette	338227	117.5000	117.50	117.50	12.50%	5.00%	117.50	117.50
100-058	Howard D. Sevy, and Ronna D. Sevy, Co-Trustees of the Howard and Ronna Sevy Trust, dated September 11, 1992	Bridge Energy Inc.	8/18/2006	7N	5W	1	Payette	338226	77.3000	77.30	77.30	12.50%	5.00%	77.30	77.30
100-061	William A. Burt, and Leta I. Burt, husband and wife	Bridge Energy Inc.	8/31/2006	7N	3W	32	Payette	338787	313.9500	313.95	313.95	12.50%	5.00%	313.95	313.95
100-064	Thomas H. Peutz , a.k.a. Tom Peutz and Anita R. Peutz, a.k.a. Anita Peutz, husband and wife	Bridge Energy Inc.	9/7/2006	8N	5W	34	Payette	338794	113.6400	113.64	113.64	12.50%	5.00%	113.64	113.64
100-067	Dwaine A. Tesnohlidek, and Carolyn E. Tesnohlidek, husband and wife	Bridge Energy Inc.	9/19/2006	7N	5W	1	Payette	339057	221.2800	221.28	221.28	12.50%	5.00%	221.28	221.28
100-069	James F. Naher, a.k.a. James Naher and Norma Naher, husband and wife	Bridge Energy Inc.	9/14/2006	7N	5W	2	Payette	338786	135.0500	135.05	135.05	12.50%	5.00%	135.05	135.05
100-070	Lee C. Wright III, and Glenora F. Wright, husband and wife	Bridge Energy Inc.	9/14/2006	7N	5W	2	Payette	338785	81.2800	81.28	81.28	12.50%	5.00%	81.28	81.28
100-071	L 3 Cattle Co., Inc., an Idaho corporation	Bridge Energy Inc.	9/14/2006	7N	4W	28	Payette	338783	37.6100	37.61	37.61	12.50%	5.00%	37.61	37.61
100-075	James W. Tucker, and Letha G. Tucker, co-trustees of the Tucker Family Trust	Bridge Energy Inc.	9/19/2006	7N	3W	30	Payette	339360	76.4840	76.48	76.48	12.50%	5.00%	76.48	76.48
100-077	Lone Pine Co., Inc., an Idaho corporation	Bridge Energy Inc.	10/4/2006	9N	5W	11	Payette	339317	256.5100	201.51	256.51	12.50%	5.00%	256.51	201.51
100-078	Calvin L. Mahler, and Barbara J. Mahler, husband and wife with right of survivorship, and as Co-Trustees of The Calvin L. & Barbara J. Mahler Trust under Trust Agreement dated effective March 18, 2004	Bridge Energy Inc.	10/12/2006	7N	4W	27	Payette	339532	46.2000	46.20	46.20	12.50%	5.00%	46.20	46.20
100-080A	Gene A. Capps	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339775	80.0000	1.66	0.00	12.50%	5.00%	80.00	1.66
100-080B	Ruby Kyrk	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339361		1.66	0.00	12.50%	5.00%	0.00	1.66
100-080C	Max Capps	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339530		1.66	0.00	12.50%	5.00%	0.00	1.66
100-080D	Martin Evans	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339774		0.56	0.00	12.50%	5.00%	0.00	0.56
100-080E	Randy Evans	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339778		0.56	0.00	12.50%	5.00%	0.00	0.56

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100-080F	Debra Spidell	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	339531		0.56	0.00	12.50%	5.00%	0.00	0.56
100-080G	Gladys Whadford	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	340846		1.66	0.00	12.50%	5.00%	0.00	1.66
100-080H	Alice Fisher	Bridge Energy Inc.	10/5/2006	8N	4W	19	Payette	342410		1.66	0.00	12.50%	5.00%	0.00	1.66
100-081	Eva Jean Purdum, a widow, Jerry R. Purdum, a single person, and Rick H. Purdum and Robyn Purdum, husband and wife, as tenants in common	Bridge Energy Inc.	10/25/2006	7N	5W	2	Payette	339851	29.5300	29.53	29.53	12.50%	5.00%	29.53	29.53
100-086	Eva Jean Purdum, a widow	Bridge Energy Inc.	10/25/2006	7N	5W	2	Payette	339849	60.0000	60.00	60.00	12.50%	5.00%	60.00	60.00
100-087	Purdum Brothers, a Partnership consisting of Jerry R. Purdum and Rick Purdum a.k.a Richard H. Perdum	Bridge Energy Inc.	10/25/2006	7N	5W	1	Payette	339850	40.4000	40.40	40.40	12.50%	5.00%	40.40	40.40
100-088A	Vivian Rench	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	339779	80.8700	1.35	80.87	12.50%	5.00%	80.87	1.35
100-088B	Janet Huett	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	339847		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088C	Robert E. Brethauer	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	339848		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088D	Richard L. Rutt	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	340155		8.09	0.00	12.50%	5.00%	0.00	8.09
100-088F	Patricia E. Newton, a married woman dealing in her sole and separate property	Bridge Energy Inc.	11/10/2006	7N	3W	32	Payette	340527		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088G	Frederic Lee Brethauer, a married man dealing in his sole and separate property	Bridge Energy Inc.	11/10/2006	7N	3W	32	Payette	340528		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088H	Lloyd A. Brethauer	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	340689		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088J	Francis Brethauer	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	341777		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088K	Dolly Brewer	Bridge Energy Inc.	10/15/2006	7N	3W	32	Payette	341504		1.35	0.00	12.50%	5.00%	0.00	1.35
100-088L	Delores Henschel, a widow	Bridge Energy Inc.	1/29/2007	7N	3W	32	Payette	342409		4.04	0.00	12.50%	5.00%	0.00	4.04
100-088M	June Timian, a single woman	Bridge Energy Inc.	1/29/2007	7N	3W	32	Payette	342406		1.35	0.00	12.50%	5.00%	0.00	1.35
100-093A	Robert E. Kniefel, and Carolyn M. Kniefel husband and wife	Bridge Energy Inc.	11/16/2006	8N	4W	33	Payette	344396	258.5200	149.26	258.52	12.50%	5.00%	218.52	109.26
100-094	The Leslie Claire Englehorn Family Trust, a trust established under the laws of the State of Idaho by an Agreement dated November 3, 2004	Bridge Energy Inc.	11/20/2006	8N	5W	27	Payette	340525	40.0000	40.00	40.00	12.50%	5.00%	40.00	40.00
100-096	Wilma Hyatt, a widow	Bridge Energy Inc.	12/1/2006	7N	5W	3	Payette	340688	67.9400	67.94	67.94	12.50%	5.00%	67.94	67.94
100-097	Melvin Needs, and Nannette Needs, husband and wife	Bridge Energy Inc.	12/1/2006	8N	5W	34	Payette	340687	40.5000	40.50	40.50	12.50%	5.00%	40.50	40.50
100-101A	Ilene Y. Betz, a.k.a. Ilene Betz, an unmarried woman	Bridge Energy Inc.	12/11/2006	8N	4W	31	Payette	341299	124.9100	62.46	124.91	12.50%	5.00%	84.91	42.45

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100-101B	Ilene Y. Betz, a.k.a. Ilene Betz, Eldon Hugh Betz, and Kent Gist as Trustees, in trust for Eldon Hugh Betz, Robin Rachelle Stauts, and Anthony Wayne Shuyler, in the Matter of the Estate of Elmer Betz, deceased, Case No. E 729, District Court, Third Judicial District of the State of Idaho	Bridge Energy Inc.	12/11/2006	8N	4W	31	Payette	341774		62.45	0.00	12.50%	5.00%	0.00	42.45
100-102	Richard B. Strawn, and Joann Strawn, husband and wife	Bridge Energy Inc.	12/14/2006	7N	5W	2	Payette	341300	110.5800	110.58	110.58	12.50%	5.00%	110.58	110.58
100-103	Student Loan Fund of Idaho, Inc., a non-profit Idaho corporation	Bridge Energy Inc.	12/18/2006	8N	5W	34	Payette	341503	58.9000	58.90	58.90	12.50%	5.00%	58.90	58.90
100-104	Kathleen M. Carr, a single woman	Bridge Energy Inc.	1/11/2007	9N	5W	25	Payette	341775	120.0000	120.00	120.00	12.50%	5.00%	120.00	120.00
100-108	Wander Dotson Farms, Inc., an Idaho corporation	Bridge Energy Inc.	1/26/2007	8N	4W	29	Payette	342407	263.3300	263.33	263.33	12.50%	5.00%	110.00	110.00
100-109A	Joe Weatherford , and Mary Lou Weatherford, husband and wife	Bridge Energy Inc.	2/21/2007	7N	4W	35	Payette	342917	160.0000	80.00	160.00	12.50%	5.00%	160.00	80.00
100-110A	Joan Morrison, a married woman dealing in her sole and separate property	Bridge Energy Inc.	2/1/2007	7N	4W	34	Payette	343314	63.5900	10.59	63.59	12.50%	5.00%	63.59	10.59
100-110B	Sally Lee Morrow, a married woman dealing in her sole and separate property	Bridge Energy Inc.	2/1/2007	7N	4W	34	Payette	343313		10.59	0.00	12.50%	5.00%	0.00	10.59
100-114	Arthur Lee, and Freda Lee, husband and wife, and Galen Lee and Cineta Lee, husband and wife	Bridge Energy Inc.	2/7/2007	8N	5W	36	Payette	343318	38.8900	38.89	38.89	12.50%	5.00%	38.39	38.39
100-118	Trust B of the Jansen van Beek Family Trust, a trust established under the laws of the State of Idaho by an agreement dated August 31, 1983, of which the present Trustee is Jeltje Jansen van Beek and John W. Jansen van Beek	Bridge Energy Inc.	3/1/2007	8N	5W	36	Payette	342912	104.2900	104.29	104.29	12.50%	5.00%	104.29	104.29
100-119	Heart & Home Properties, LLC, an Idaho limited liability company	Bridge Energy Inc.	2/20/2007	8N	5W	36	Payette	342916	33.8500	33.85	33.85	12.50%	5.00%	33.85	33.85
100-120	A Bar J Ranch, LLC, an Idaho limited liability company	Bridge Energy Inc.	3/7/2007	7N	4W	27	Payette	344003	125.7200	125.72	125.72	12.50%	5.00%	125.72	125.72
100-127	Paul Schwartz, and Lola Schwartz, husband and wife	Bridge Energy Inc.	3/14/2007	7N	5W	1	Payette	344002	119.3700	119.37	119.37	12.50%	5.00%	119.37	119.37
100-131	Gerald W. Mitchell, and Darcy Mitchell a.k.a. Darcy L. Mitchell, husband and wife	Bridge Energy Inc.	3/19/2007	8N	4W	30	Payette	344397	38.3700	38.37	38.37	12.50%	5.00%	38.37	38.37

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100-135A	Beverly J. Hollen, a married woman dealing in her sole and separate property	Bridge Energy Inc.	9/12/2007	8N	3W	7	Payette	348352	314.4400	157.22	314.44	12.50%	5.00%	234.44	117.22
100-135B	Elizabeth Hardin, a married woman dealing in her sole and separate property	Bridge Energy Inc.	9/12/2007	8N	3W	7	Payette	348351		157.22	0.00	12.50%	5.00%	0	117.22
100-137A	Byron Champion, a married man dealing in his sole and separate property	Bridge Energy Inc.	9/25/2007	8N	3W	4	Payette	348621	2440.0000	542.22	2440.00	12.50%	5.00%	2120.00	471.11
100-137AA	Bert H. Reins a married man dealing in his sole and separate property	Bridge Energy Inc.	12/13/2010	8N	3W	4	Payette	371418	2120.0000	78.52	0.00	12.50%	5.00%	1800.00	66.6666
100-137AB	Charlotte L. Lawer a/k/a Charlotte Reins Lawer a married women dealing in her sole and separate property	Bridge Energy Inc.	12/13/2010	8N	3W	4	Payette	371664		78.52	0.00	12.50%	5.00%	0.00	66.6666
100-137AC	Elizabeth A. Holsinger a/k/a Elizabeth Limbaugh Holsinger, a married women dealing in her sole and separate property.	Bridge Energy Inc.	12/13/2010	8N	3W	4	Payette	371419		117.78	0.00	12.50%	5.00%	0.00	100.00
100-137AD	Donnette Ann Reins, a single women	Bridge Energy Inc.	12/13/2010	8N	3W	4	Payette	371420		78.52	0.00	12.50%	5.00%	0.00	66.67
100-137AE	Trust A of The Lawrence and Barbara Limbaugh Family Trust	Bridge Energy Inc.	12/15/2010	8N	3W	4	Payette	371421		117.78	2120.00	12.50%	5.00%	0.00	99.92
100-137B	Sarah Thomison, a married woman dealing in her sole and separate property	Bridge Energy Inc.	10/4/2007	8N	3W	4	Payette	348742		135.55	2440.00	12.50%	5.00%	0.00	117.66
100-137C	Tamara L. Epperson, a widow	Bridge Energy Inc.	10/4/2007	8N	3W	4	Payette	348743		271.11	2440.00	12.50%	5.00%	0.00	235.55
100-137D	Dameon Epperson, a single man	Bridge Energy Inc.	10/4/2007	8N	3W	4	Payette	349237		135.55	2440.00	12.50%	5.00%	0.00	117.78
100-137E	Jerry Jerome Reins, a widow and sole heir to the Estate of Otto F.Reins, deceased	Bridge Energy Inc.	1/10/2008	8N	3W	4	Payette	352241		813.33	0.00	12.50%	5.00%	0.00	706.65
100-140	Debra J. Maness formerly known as Debra J. Bement, a married women dealing in her sole and separate property	Bridge Energy Inc.	11/2/2007	9N	3W	13	Payette	349604	133.0000	133.00	133.00	12.50%	5.00%	133.00	133.00
100-141	Chad A. Henggeler, a married man dealing in his sole and separate property	Bridge Energy Inc.	11/13/2007	7N	5W	9	Payette	349704	39.0000	39.00	39.00	12.50%	5.00%	39.00	39.00
100-143	Henggeler Brothers, Inc., an Idaho corporation	Bridge Energy Inc.	11/15/2007	7N	5W	20	Payette	349720	92.8000	92.80	92.80	12.50%	5.00%	92.80	92.80
100-144	Robert M. Henggeler , a married man dealing in his sole and separate property	Bridge Energy Inc.	11/15/2007	8N	5W	34	Payette	349721	39.1100	39.11	39.11	12.50%	5.00%	39.11	39.11
100-150	Kelly R. Henggeler , and Holly A. Henggeler, husband and wife	Bridge Energy Inc.	11/19/2007	7N	5W	15	Payette	349907	58.1800	58.18	58.18	12.50%	5.00%	58.18	58.18

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100-151	Gerald J. Henggeler , a married man dealing in his sole and separate property	Bridge Energy Inc.	11/27/2007	8N	5W	35	Payette	350065	26.2400	26.24	26.24	12.50%	5.00%	26.24	26.24
100-152A	Frances Melcher, a widow	Bridge Energy Inc.	12/10/2007	8N	5W	35	Payette	350270	126.4000	120.22	126.40	12.50%	5.00%	126.40	120.22
100-153	Dell Ray Winegar, a married man dealing in his sole and separate property	Bridge Energy Inc.	12/6/2007	7N	5W	9	Payette	350269	79.1000	79.10	79.10	12.50%	5.00%	79.10	79.10
100-154	Robert D. Krause, a widower	Bridge Energy Inc.	12/7/2007	7N	5W	1	Payette	350268	164.8800	164.88	164.88	12.50%	5.00%	164.88	164.88
100-155A	The Charles R. Winegar and Norma Winegar Family Trust, a trust established under the laws of the State of Idaho by an Agreement dated January 13,1984, of which the current trustee is Dell Ray Winegar	Bridge Energy Inc.	12/6/2007	7N	5W	9	Payette	350267	231.5900	177.85	231.59	12.50%	5.00%	231.59	177.85
100-156	Christensen & Son, a limited partnership	Bridge Energy Inc.	12/14/2007	7N	5W	25	Payette	350589	277.2800	277.28	277.28	12.50%	5.00%	277.28	277.28
100-157	Soulen Livestock Co., an Idaho corporation	Bridge Energy Inc.	1/11/2008	9N	2W	1	Payette	350929	960.0000	960.00	960.00	12.50%	5.00%	960.00	960.00
100-158	Claton W. Conner, a single man	Bridge Energy Inc.	1/9/2008	7N	5W	23	Payette	350930	120.0000	120.00	120.00	12.50%	5.00%	120.00	120.00
100-159	Jeffery A. Hyatt, and Lucinda Hyatt	Bridge Energy Inc.	2/22/2008	6N	5W	3	Payette	354582	550.1600	550.16	550.16	12.50%	5.00%	550.16	550.16
100-160	Wilbur E. Black, and Marlene Black, husband and wife	Bridge Energy Inc.	2/3/2008	7N	5W	25	Payette	351371	271.4100	271.41	271.41	12.50%	5.00%	271.41	271.41
100-161	Howard Farms, a partnership composed of LeRoy J. Howard and D. Kent Howard, partners	Bridge Energy Inc.	1/31/2008	7N	5W	22	Payette	351372	144.2300	144.23	144.23	12.50%	5.00%	144.23	144.23
100-163A	Leo A. Reeve, and Leona M. Reeve, husband and wife	Bridge Energy Inc.	2/11/2008	7N	5W	15	Payette	351481	164.4500	106.81	164.45	12.50%	5.00%	164.45	106.81
100-164	Roy William Sturm, a married man dealing in his sole and separate property	Bridge Energy Inc.	2/22/2008	7N	5W	10	Payette	354578	73.8700	73.87	73.87	12.50%	5.00%	73.87	73.87
100-165A	Joanne E. Breske, a married woman dealing in her sole and separate property	Bridge Energy Inc.	2/29/2008	7N	5W	1	Payette	351896	60.0000	30.00	60.00	12.50%	5.00%	60.00	30.00
100-165B	Barbara L. Grime, a married woman dealing in her sole and separate property	Bridge Energy Inc.	2/29/2008	7N	5W	1	Payette	352096	60.0000	30.00	0.00	12.50%	5.00%	0.00	30.00
100-166	Tony McAlvain, and Maureen McAlvain, husband and wife, also known as Douglas A. McAlvain and Maureen A. McAlvain	Bridge Energy Inc.	2/25/2008	7N	5W	25	Payette	352865	168.6000	160.00	160.00	12.50%	5.00%	160.00	160.00
100-167	Kenneth D. Millsap, and Brenda Millsap, husband and wife	Bridge Energy Inc.	3/4/2008	7N	5W	16	Payette	352097	177.7400	177.74	177.74	12.50%	5.00%	177.74	177.74
100-168	Clayton Farms, LLC, an Idaho limited liability company	Bridge Energy Inc.	3/6/2008	7N	5W	23	Payette	352095	231.5200	231.52	231.52	12.50%	5.00%	231.52	231.52

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100-169	Eldred Farms, Inc., an Idaho corporation, and Daryl Eldred, a/k/a Daryl W. Eldred, a/k/a Daryl Wesley Eldred, individually, as a married man dealing in his sole and separate property	Bridge Energy Inc.	3/13/2008	7N	5W	12	Payette	352094	181.0900	181.09	181.09	12.50%	5.00%	3.52	3.52
100-170	Black Canyon Ranches, Inc., an Idaho corporation	Bridge Energy Inc.	3/20/2008	7N	5W	27	Payette	352244	107.4500	107.45	107.45	12.50%	5.00%	107.45	107.45
100-171	Theodore J. Ney, and Bonita K. Ney, husband and wife	Bridge Energy Inc.	3/21/2008	7N	5W	28	Payette	352243	82.6900	82.69	82.69	12.50%	5.00%	82.69	82.69
100-172	Dennis J. Herwy, and Carol L. Fitzgerald, husband and wife	Bridge Energy Inc.	3/28/2008	6N	5W	2	Payette	352860	140.8600	140.86	140.86	12.50%	5.00%	140.86	140.86
100-173	Robert L. Sideroff, Jr., and Suzanne D. Sideroff, husband and wife	Bridge Energy Inc.	4/7/2008	7N	5W	11	Payette	352866	231.7400	152.87	231.74	12.50%	5.00%	231.74	152.87
100-174	Karl H. Clarich, and Susan M. Clarich, husband and wife	Bridge Energy Inc.	4/9/2008	7N	5W	32	Payette	352861	160.0000	160.00	160.00	12.50%	5.00%	160.00	160.00
100-175	Mio Farms, Inc., an Idaho corporation	Bridge Energy Inc.	3/31/2008	7N	5W	12	Payette	352863	255.4000	255.40	255.40	12.50%	5.00%	255.40	255.40
100-176	Gregory K. Brown, and Donna R. Brown, husband and wife	Bridge Energy Inc.	4/4/2008	7N	5W	23	Payette	352864	57.4000	57.40	57.40	12.50%	5.00%	57.40	57.40
100-177A	Tim Rambo, a married man dealing in his sole and separate property	Bridge Energy Inc.	5/9/2008	8N	5W	14	Payette	353621	105.5900	71.80	105.59	12.50%	5.00%	105.59	71.80
100-177AA	Donoho, Inc., an Idaho corporation	Bridge Energy Inc.	5/1/2008	8N	5W	14	Payette	353622	85.7500	42.88	0.00	12.50%	5.00%	0.00	42.88
100-178A	Lyle A. Reeve, and Annie M. Reeve, husband and wife	Bridge Energy Inc.	4/28/2008	7N	5W	10	Payette	353623	77.4100	58.21	77.41	12.50%	5.00%	77.41	58.21
100-179	Emmett L. Maine, and Jewell A. Maine, husband and wife	Bridge Energy Inc.	4/28/2008	7N	5W	33	Payette	353624	94.7300	94.73	94.73	12.50%	5.00%	94.73	94.73
100-180	James G. Farmer, and Margaret D. Farmer, husband and wife, and C. Warren Farmer, an unmarried man, as tenants in common	Bridge Energy Inc.	5/13/2008	7N	5W	33	Payette	353758	144.5100	144.51	144.51	12.50%	5.00%	144.51	144.51
100-182	Blaine May, a.k.a Blaine F. May, a married man dealing in his sole and separate property	Bridge Energy Inc.	5/29/2008	8N	4W	18	Payette	354187	535.5700	535.57	535.57	12.50%	5.00%	535.57	535.57
100-187	Chadwick V. Burhart, and Bonnie J. Burhart, husband and wife	Bridge Energy Inc.	5/30/2008	7N	5W	35	Payette	354186	67.3500	67.35	67.35	12.50%	5.00%	67.35	67.35
100-190	Gilbert I. Wells, and Shirley J. Wells, husband and wife	Bridge Energy Inc.	7/7/2008	7N	5W	32	Payette	355311	80.7900	80.79	80.79	12.50%	5.00%	80.79	80.79
100-191	Robert A. Shaw, a married man dealing in his sole and separate property	Bridge Energy Inc.	7/7/2008	7N	5W	33	Payette	355312	93.7000	93.70	93.70	12.50%	5.00%	93.70	93.70
100-192	Lee Reed, and Helen Reed, husband and wife	Bridge Energy Inc.	6/10/2008	8N	5W	14	Payette	354795	8.0300	8.03	8.03	12.50%	5.00%	8.03	8.03

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100-193	Daniel Van Lith, a/k/a Daniel E. Van Lith, a married man dealing in his sole and separate property	Bridge Energy Inc.	7/15/2008	8N	4W	18	Payette	355270	186.1100	186.11	186.11	12.50%	5.00%	186.11	186.11
100-194	Daniel E. Van Lith, a/k/a Daniel Van Lith and Carmen L. Van Lith, husband and wife	Bridge Energy Inc.	7/15/2008	8N	4W	18	Payette	355271	85.0000	85.00	85.00	12.50%	5.00%	85.00	85.00
100-198	Doug Daws, a single person, and Mary Jane Mohn, a single person	Bridge Energy Inc.	7/29/2008	8N	5W	14	Payette	355742	89.9000	89.90	89.90	12.50%	5.00%	89.90	89.90
100-200	Hinatsu Farms, LLLP	Bridge Energy Inc.	8/22/2008	8N	4W	31	Payette	355866	118.9200	118.92	118.92	12.50%	5.00%	80.00	80.00
100-201	The F. Warren and Margaret C. Carnefix Family Trust, U/T/A February 26, 1991,	Bridge Energy Inc.	8/18/2008	8N	5W	22	Payette	355739	152.8000	152.80	152.80	12.50%	5.00%	152.80	152.80
100-202	Kathryn A. Carnefix , a married woman dealing in her sole and separate property	Bridge Energy Inc.	8/18/2008	7N	5W	22	Payette	355741	30.0000	30.00	30.00	12.50%	5.00%	30.00	30.00
100-203	J. Clifton Ralphs, and Louise Ralphs, husband and wife	Bridge Energy Inc.	8/20/2008	8N	4W	18	Payette	355740	368.6700	368.67	368.67	12.50%	5.00%	368.67	368.67
100-205	Mike Lappin, and Debbie Lappin, husband and wife	Bridge Energy Inc.	10/1/2008	9N	3W	30	Payette	356405	5.4600	5.46	5.46	12.50%	5.00%	5.46	5.46
100-206	Joseph E. Bercik, and Betty S. Bercik, husband and wife	Bridge Energy Inc.	10/13/2008	9N	3W	20	Payette	356606	14.0000	14.00	14.00	12.50%	5.00%	14.00	14.00
100-207	Eduardo Ferreira, a/k/a Eduardo M.Ferreira and Teresa Ferreira, a/k/a Teresa J. Ferreira, husband and wife	Bridge Energy Inc.	10/13/2008	7N	4W	8	Payette	357050	106.2100	106.21	106.21	12.50%	5.00%	77.50	77.50
100-209	Richard H. Smith, and Joan K. Smith, husband and wife	Bridge Energy Inc.	10/15/2008	9N	3W	30	Payette	356607	5.3100	5.31	5.31	12.50%	5.00%	5.31	5.31
100-213	Lane S. Huddleston, and and Joyce N. Huddleston, husband and wife	Bridge Energy Inc.	10/31/2008	9N	3W	12	Payette	357054	106.2200	106.22	106.22	12.50%	5.00%	106.22	106.22
100-234A	Rudolph J. Endrikat, and Valerie Marie Endrikat, husband and wife	Bridge Energy Inc.	1/20/2009	9N	3W	30	Payette	358323	23.2000	18.60	23.20	12.50%	5.00%	23.20	18.60
100-245	Ronald D. Hendrickson, and Charlene Hendrickson, husband and wife	Bridge Energy Inc.	2/5/2009	8N	3W	30	Payette	358523	277.8200	277.82	277.82	12.50%	5.00%	18.97	18.97
100-248	Paul Mendiola, and Mona A. Mendiola, husband and wife	Bridge Energy Inc.	2/24/2009	8N	4W	5	Payette	359206	805.6700	805.67	805.67	12.50%	5.00%	525.67	525.67
100-253	Walter R. McCleskey and Janice N. McCleskey, husband and wife	Bridge Energy Inc.	4/13/2010	9N	4W	25	Payette	366630	17.5400	17.54	17.54	12.50%	5.00%	17.54	17.54
100-254	Theresa K. Weber and John L. Weber, wife and husband	Bridge Energy Inc.	4/19/2010	9N	3W	20	Payette	366631	13.4100	13.41	13.41	12.50%	5.00%	13.41	13.41
100-255	Stephen M. McCleskey, an unmarried person	Bridge Energy Inc.	4/13/2010	9N	4W	25	Payette	366632	3.9800	3.98	3.98	12.50%	5.00%	3.98	3.98
100-262A	Lyle D. Anderson and Rosemary F. Anderson, husband and wife	Bridge Energy Inc.	6/10/2010	9N	3W	12	Payette	368487	1743.5200	435.19		12.50%	5.00%	1743.52	435.19

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100-262B	Rusty R. Anderson, a married man dealing in his sole and separate property	Bridge Energy Inc.	5/10/2010	9N	3W	12	Payette	368488		435.19	0	12.50%	5.00%	0	435.19
100-265	Lois Korn, a single woman	Bridge Energy Inc.	4/23/2010	9N	3W	20	Payette	367649	38.3400	38.34	38.34	12.50%	5.00%	38.34	38.34
100-271	Richard H. Towner and Sue Towner, husband and wife	Bridge Energy Inc.	5/26/2010	9N	4W	25	Payette	368490	18.9800	18.98	18.98	12.50%	5.00%	18.98	18.98
100-273	MKS, LLC, an Idaho limited liability company	Bridge Energy Inc.	6/17/2010	7N	3W	20	Payette	369578	157.5300	134.77	157.53	12.50%	5.00%	157.53	134.77
100-278	Ronald T. Mio and Lisa N. Mio, husband and wife	Bridge Energy Inc.	7/7/2010	8N	4W	30	Payette	368495	43.8000	43.8	43.8	12.50%	5.00%	43.8	43.8
100-290	Warren H. Hadley and Laura L. Hadley, husband and wife	Bridge Energy Inc.	7/30/2010	8N	5W	25	Payette	368504	74.7600	74.76	74.76	12.50%	5.00%	74.76	74.76
100-292	Bruce A. Peterson and Barbara J. Peterson, husband and wife	Bridge Energy Inc.	8/6/2010	9N	4W	25	Payette	368506	12.6600	12.66	12.66	12.50%	5.00%	12.66	12.66
100-295	Donald L. Dressen and Betty J. Dressen, husband and wife	Bridge Energy Inc.	8/10/2010	8N	5W	24	Payette	368508	11.6800	11.68	11.68	12.50%	5.00%	11.68	11.68
100-298	Jon M. Fabricius and Teresa M. Fabricius, husband and wife	Bridge Energy Inc.	8/17/2010	8N	5W	26	Payette	368511	20.0000	20.00	20.00	12.50%	5.00%	20.00	20.00
100-299	The LeeRoy and Lorrie Tracy Trust, an Idaho revocable trust, under trust agreement dated March 12, 2004	Bridge Energy Inc.	8/16/2010	8N	5W	14	Payette	368512	28.8900	28.89	28.89	12.50%	5.00%	28.89	28.89
100-315	Wayne H. Stutzman, a married man dealing in his sole and separate property	Bridge Energy Inc.	10/4/2010	8N	5W	13	Payette	369717	25.1900	25.19	25.19	12.50%	5.00%	25.19	25.19
100-323	James R. Asmussen, a/k/a James Ronald Asmussen, and Velda L. Asmussen, husband and wife	Bridge Energy Inc.	9/30/2010	8N	5W	13	Payette	369720	12.0000	12.00	12.00	12.50%	5.00%	12.00	12.00
100-324	Homer M. Violette and Phyllis E. Ricketts, husband and wife	Bridge Energy Inc.	10/1/2010	8N	5W	13	Payette	369721	53.8400	53.84	53.84	12.50%	5.00%	53.84	53.84
100-327A	Myrl Haines and Christene L. Haines Family Living Trust, a trust established under the laws of the State of Idaho	Bridge Energy Inc.	9/8/2010	8N	4W	29	Payette	371430	167.3100	74.50	167.31	12.50%	5.00%	50.00	25.00
100-327B	Byrl Haines, a/k/a Byrl B. Haines, a married man dealing in his sole and separate property	Bridge Energy Inc.	9/8/2010	8N	4W	29	Payette	371431	167.3100	74.50	0.00	12.50%	5.00%	0	25.00
100-328	Irvin Cattle Company, an Idaho corporation	Bridge Energy Inc.	10/29/2010	8N	4W	19	Payette	371432	207.2500	207.25	207.25	12.50%	5.00%	207.25	207.25
100-330	Donald R. Horne and Jean Horne, husband and wife	Bridge Energy Inc.	11/4/2010	8N	5W	12	Payette	371414	40.0000	40.00	40.00	12.50%	5.00%	40.00	40.00
100-331A	Randall C. Kauffman and Thana M. Kauffman, husband and wife	Bridge Energy Inc.	11/12/2010	8N	5W	12	Payette	371665	104.1800	94.3950	104.18	12.50%	5.00%	104.18	94.3950
100-332	Farrel Bates and Hazel Getman-Bates, husband and wife	Bridge Energy Inc.	11/12/2010	8N	5W	36	Payette	371415	14.8300	14.8300	14.83	12.50%	5.00%	14.83	14.83

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100-334	Dwaine Anthony Tesnohlidek a/k/a Tony Tesnohlidek and Barbara Tesnohlidek, a/k/a Barbi Tesnohlidek, husband and wife	Bridge Energy Inc.	11/17/2010	7N	5W	1	Payette	371417	54.8600	54.86	54.86	12.50%	5.00%	54.86	54.86
100-338	Roy A. Sternes, a married man dealing in his sole and separate property	Bridge Energy Inc.	1/21/2011	7N	3W	18	Payette	371403	33.3400	33.34	33.34	12.50%	5.00%	33.34	33.34
100-702	Garry C.& Cheri S. Seaweard, husband and wife	Bridge Energy Inc.	11/29/2010	8N	4W	20	Payette	371032	12.2400	3.06	12.24	12.50%	5.00%	12.24	3.06
100-703	D. Marc Haws and Karen I. Haws, as Co-Trustees of The D. Marc & Karen I. Haws Trust under Trust Agreement dated effective October 10, 2000	Bridge Energy Inc.	1/31/2011	7N	3W	7	Payette	372375	168.1400	168.14	168.14	12.50%	5.00%	143.00	143.00
100-720	Daniel D. Roland, a single man	Bridge Energy Inc.	4/18/2011	8N	4W	18	Payette	373309	44.8900	44.890	44.890	12.50%	5.00%	44.890	44.890
100-721	Daniel D. Roland, an unmarried man	Bridge Energy Inc.	4/22/2011	8N	5W	11	Payette	372702	68.3500	68.350	68.350	12.50%	5.00%	68.350	68.350
100-728	Linda Hinson, a married person dealing in her sole and separate property	Bridge Energy Inc	6/16/2011	7N	5W	1	Payette	375246	17.4900	17.49	17.49	12.50%	5.00%	17.49	17.49
100-729	Eugene C. Hinson and Linda Hinson, husband and wife	Bridge Energy Inc.	6/16/2011	7N	5W	1	Payette	375245	1.9100	1.91	1.91	12.50%	5.00%	1.91	1.91
100-538	O-01987 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	4W	36	Payette		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-539	O-01988 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	5W	16	Payette		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-541	O-01990 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	2W	7	Payette		40.08	40.08	40.08	12.50%	5.00%	40.08	40.08
100-543	O-01992 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	2W	15	Payette		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-544	O-01993 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	2W	16	Payette		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-545	O-01994 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	3W	16	Payette		560.00	560.00	560.00	12.50%	5.00%	560.00	560.00
100-546	O-01995 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	3W	36	Payette		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-551	O-02000 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	5W	34	Payette		50.26	50.26	50.26	12.50%	5.00%	50.26	50.26
100-552	O-02001 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	8N	5W	36	Payette		39.50	39.50	39.50	12.50%	5.00%	39.50	39.50
100-553	O-02002 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	3W	16	Payette		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-554	O-02003 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	3W	19	Payette		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-555	O-02004 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	3W	36	Payette		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-556	O-02006 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	4W	36	Payette		360.00	360.00	360.00	12.50%	5.00%	360.00	360.00
100-557	O-02007 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	5W	26	Payette		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-558	O-02008 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	5W	35	Payette		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-559	O-02009 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	9N	5W	36	Payette		600.00	600.00	600.00	12.50%	5.00%	600.00	600.00
														44417.43	39376.39

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100-249	Guy S. Sarich, a single man	Bridge Energy Inc.	2/26/2009	5N	5W	7	Canyon							0.88	0.88
100-242	Dianna J. Wynia, and Larry L. Wynia, wife and husband	Bridge Energy Inc.	2/10/2009	5N	5W	7	Canyon	2009-12846	1.0000	1.00	1.00	12.50%	5.00%	1.00	1.00
100-236	Curtis A. Pool, and Danette A. Pool, husband and wife	Bridge Energy Inc.	1/19/2009	5N	5N	6	Canyon	2009-6425	5.0100	5.01	5.01	12.50%	5.00%	5.01	5.01
100-235	Jerry W. Cox, an unmarried man	Bridge Energy Inc.	1/19/2009	5N	5N	6	Canyon	2009-5809	6.3600	6.36	6.36	12.50%	5.00%	6.36	6.36
100-232	Gerald R. Eubanks, and Tanhan K. Eubanks, husband	Bridge Energy Inc.	1/15/2009	5N	6W	12	Canyon	2009-5810	20.0000	20.00	20.00	12.50%	5.00%	20.00	20.00
100-196	Larry M. Clinton, and Patricia Ann Clinton, husband and wife	Bridge Energy Inc.	7/15/2008	5N	6W	12	Canyon	2008-44600	80.0000	80.00	80.00	12.50%	5.00%	80.00	80.00
100-181	Kenneth D. Wall, a married man dealing in his sole and separate property	Bridge Energy Inc.	5/12/2008	5N	5W	6	Canyon	2008-30597	87.9700	87.97	87.97	12.50%	5.00%	87.97	87.97
100-199	Clyde C. Moses, and Dolores Moses, husband and wife	Bridge Energy Inc.	8/14/2008	6N	5W	31	Canyon	2008-48633	93.4500	93.45	93.45	12.50%	5.00%	93.45	93.45
100-185	Dave E. Harrold, and Jeanne L. Harrold, husband and wife	Bridge Energy Inc.	5/29/2008	5N	5W	7	Canyon	2008-34679	98.6100	98.61	98.61	12.50%	5.00%	98.61	98.61
100-184	David Edward Harrold, a married man dealing in his	Bridge Energy Inc.	5/29/2008	5N	5W	7	Canyon	2008-34680	123.2500	123.25	123.25	12.50%	5.00%	123.25	123.25
100-204A	Theodore T. Takatori a married man dealing in hi sole and separate property	Bridge Energy Inc.	9/2/2008	5N	6W	1	Canyon	2008-52954	130.1200	83.04	130.12	12.50%	5.00%	130.12	83.04
100-186	Triple J. Ranch, Inc., an Idaho corporation	Bridge Energy Inc.	5/29/2008	5N	5W	7	Canyon	2008-34678	134.9200	134.92	134.92	12.50%	5.00%	134.92	134.92
100-195	Klahr Farms, Inc., an Idaho corporation	Bridge Energy Inc.	7/15/2008	5N	6W	2	Canyon	2008-44601	200.8000	200.80	200.80	200.80	200.80	200.80	200.80
100-148	Winchester Land & Cattle Company, Inc., a Wyoming corporation	Bridge Energy Inc.	11/14/2007	5N	5W	6	Canyon	2007-079010	560.2700	560.27	560.27	12.50%	5.00%	560.27	560.27
100-730	Klahr & Klahr, Incorporated, By: Lorraine Klahr, President of Klahr & Klahr, Incorporated	Contex *Will be assigned to Bridge at closing.	5/6/2011	4N	4W	1	Canyon	2011-41095	602.0700	602.07	602.07	12.50%	5.00%	602.07	602.07
100-183	Van Vliet Properties, LLC, an Idaho limited liability company	Bridge Energy Inc. and Paramax Energy Inc.	5/29/2008	5N	5W	6	Canyon	2008-34681	673.5400	673.54	673.54	12.50%	5.00%	673.54	673.54
100-500	O-01949 State of Idaho, Department of Lands	Bridge Energy Inc. and Paramax Energy Inc.	6/1/2006	5N	2W	16	Canyon		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-501	O-01950 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	2W	29	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-502	O-01951 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	2W	36	Canyon		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-503	O-01952 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	3W	16	Canyon		440.00	440.00	440.00	12.50%	5.00%	440.00	440.00

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100-504	O-01953 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	3W	36	Canyon		482.87	482.87	482.87	12.50%	5.00%	482.87	482.87
100-505	O-01954 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	5W	36	Canyon		265.50	265.50	265.50	12.50%	5.00%	265.50	265.50
100-506	O-01955 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	5W	12	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-507	O-01956 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	6W	14	Canyon		200.00	200.00	200.00	12.50%	5.00%	200.00	200.00
100-508	O-01957 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	5N	6W	36	Canyon		320.00	320.00	320.00	12.50%	5.00%	320.00	320.00
100-509	O-01958 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	5W	32	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-571	O-02023 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	8	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-572	O-02024 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	10	Canyon		70.00	70.00	70.00	12.50%	5.00%	70.00	70.00
100-573	O-02025 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	11	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-574	O-02026 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	13	Canyon		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-575	O-02027 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	14	Canyon		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-576	O-02028 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	15	Canyon		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-577	O-02029 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	16	Canyon		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-578	O-02030 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	17	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-579	O-02031 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	23	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-580	O-02032 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	26	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-581	O-02033 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	4W	33	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-582	O-02034 State of Idaho, Department of Land	Bridge Energy Inc.	10/1/2006	4N	4W	36	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-583	O-02035 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	5N	4W	29	Canyon		54.00	54.00	54.00	12.50%	5.00%	54.00	54.00
100-584	O-02036 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	4	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-585	O-02037 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	5	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00

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100-586	O-02038 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	6	Canyon		161.00	161.00	161.00	12.50%	5.00%	161.00	161.00
100-587	O-02039 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	7	Canyon		366.00	366.00	366.00	12.50%	5.00%	366.00	366.00
100-588	O-02040 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	8	Canyon		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-589	O-02041 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	9	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-590	O-02042 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	10	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-591	O-02043 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	11	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-592	O-02044 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	15	Canyon		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-593	O-02045 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	16	Canyon		240.00	240.00	240.00	12.50%	5.00%	240.00	240.00
100-594	O-02046 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	17	Canyon		480.00	480.00	480.00	12.50%	5.00%	480.00	480.00
100-595	O-02047 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	27	Canyon		160.00	160.00	160.00	12.50%	5.00%	160.00	160.00
100-596	O-02048 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	33	Canyon		219.00	219.00	219.00	12.50%	5.00%	219.00	219.00
100-597	O-02049 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	34	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-598	O-02050 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	35	Canyon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-599	O-02051 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	4N	5W	36	Canyon		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-600	O-02052 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	5N	5W	31	Canyon		60.00	60.00	60.00	12.50%	5.00%	60.00	60.00
100-601	O-02053 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	5N	5W	32	Canyon		40.00	40.00	40.00	12.50%	5.00%	40.00	40.00
100-602	O-02054 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	6N	5W	19	Canyon		71.00	71.00	71.00	12.50%	5.00%	71.00	71.00
100-603	O-02056 State of Idaho, Department of Lands	Bridge Energy Inc.	10/1/2006	6N	6W	24	Canyon		26.00	26.00	26.00	12.50%	5.00%	26.00	26.00
														Gross	Net
														10033.62	9986.54

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100-023	Big Willow Creek Company, an Idaho Corporation	Bridge Energy Inc.	6/23/2006	7N	3W	21	Gem	348619	3640.0800	3640.08	3640.08	12.50%	5.00%	140.22	140.22
100-020	J.R. Simplot Company, a Nevada	Bridge Energy Inc.	6/7/2006	7N	3W	2	Gem/Payette	336790	5250.4800	4758.49	5250.48	14.00%	4.00%	2696.39	2696.39
100-510	O-01959 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	3	Gem		115.30	115.30	115.30	12.50%	5.00%	115.30	115.30
100-511	O-01960 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	16	Gem		560.00	560.00	560.00	12.50%	5.00%	560.00	560.00
100-512	O-01961 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	18	Gem		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-513	O-01962 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	22	Gem		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-514	O-01963 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	26	Gem		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-515	O-01964 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	2W	36	Gem		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-516	O-01965 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	3W	13	Gem		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-517	O-01966 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	6N	3W	36	Gem		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-518	O-01967 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	2	Gem		121.83	121.83	121.83	12.50%	5.00%	121.83	121.83
100-519	O-01968 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	16	Gem		636.00	636.00	636.00	12.50%	5.00%	636.00	636.00
100-520	O-01969 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	21	Gem		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-521	O-01970 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	22	Gem		240.00	240.00	240.00	12.50%	5.00%	240.00	240.00
100-522	O-01971 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	23	Gem		320.00	320.00	320.00	12.50%	5.00%	320.00	320.00
100-523	O-01972 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	24	Gem		320.00	320.00	320.00	12.50%	5.00%	320.00	320.00

100-524	O-01973 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	25	Gem		280.00	280.00	280.00	12.50%	5.00%	280.00	280.00
100-525	O-01974 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	26	Gem		200.00	200.00	200.00	12.50%	5.00%	200.00	200.00
100-526	O-01975 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	2W	28	Gem		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-527	O-01976 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	3W	15	Gem		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-528	O-01977 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	3W	22	Gem		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-529	O-01978 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	3W	26	Gem		173.35	173.35	173.35	12.50%	5.00%	173.35	173.35
100-530	O-01979 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	3W	34	Gem		200.00	200.00	200.00	12.50%	5.00%	200.00	200.00
100-531	O-01980 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	7N	3W	35	Gem		240.00	240.00	240.00	12.50%	5.00%	240.00	240.00
														Gross	Net
														8483.09	8483.09

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100-014	Jerry Nagaki, a married man dealing in his sole and separate property	Bridge Energy Inc.	6/16/2006	16S	47E	26	Malheur	Oregon	2006-4876	20.4600	20.46	20.46	12.50%	5.00%	20.46	20.46
100-138	Harold L. Medler, a single man	Bridge Energy Inc.	10/5/2007	16S	47E	35	Malheur	Oregon	2007-7671	36.1500	36.15	36.15	12.50%	5.00%	36.15	36.15
100-724	Stanley C. Olson and Jane I. Olson, husband	Bridge Energy Inc.	4/2/2011	16S	47E	26	Malheur	Oregon	2011-2540	37.0300	37.030	37.030	12.50%	5.00%	37.030	37.030
100-189	Dan Hart, a/k/a Daniel M. Hart, a single man	Bridge Energy Inc.	7/7/2008	16S	47E	33	Malheur	Oregon	2008-5720	41.1500	41.15	41.15	12.50%	5.00%	41.15	41.15
100-126	Marie Eldredge-Babcock, a.k.a. Marie Eldredge, a widow	Bridge Energy Inc.	3/29/2007	17S	47E	3	Malheur	Oregon	2007-2688	53.9000	53.90	53.90	12.50%	5.00%	53.90	53.90
100-121	David L. Hopkins, and Karen M. Hopkins, husband and wife	Bridge Energy Inc.	5/22/2007	17S	47E	3	Malheur	Oregon	2007-4536	56.6000	56.60	56.60	12.50%	5.00%	56.60	56.60
100-142	Eugene L. Kohltfarber, husband and wife	Bridge Energy Inc.	10/10/2007	17S	47E	3	Malheur	Oregon	2007-9001	64.1900	64.19	64.19	12.50%	5.00%	64.19	64.19
100-028	Warren Murata, and Shirley Murata, husband and wife	Bridge Energy Inc.	6/1/2006	16S	47E	25	Malheur	Oregon	2006-4291	73.1000	73.10	73.10	12.50%	5.00%	73.10	73.10
100-128	Theodore Lee Roland, and Patty L. Roland, as Co-Trustees of the Ted	Bridge Energy Inc.	4/2/2007	17S	47E	2	Malheur	Oregon	2007-3003	76.9600	76.96	76.96	12.50%	5.00%	76.96	76.96
100-122	Dale Martin, and Mary Ann Martin, husband and wife	Bridge Energy Inc.	5/30/2007	17S	47E	3	Malheur	Oregon	2007-4535	82.5700	82.57	82.57	12.50%	5.00%	82.57	82.57
100-130	Francis M. Brown, a widow	Bridge Energy Inc.	4/3/2007	16S	47E	35	Malheur	Oregon	2007-3001	86.6200	86.62	86.62	12.50%	5.00%	86.62	86.62
100-029A	Marlin Oltman	Bridge Energy Inc.	6/1/2006	17S	47E	11	Malheur	Oregon	2006-4632	91.9000	22.98	91.90	12.50%	5.00%	91.90	22.98
100-029B	Leo Oltman	Bridge Energy Inc.	6/1/2006	17S	47E	11	Malheur	Oregon	2006-4630	91.9000	45.95	91.90	12.50%	5.00%		45.95
100-029C	Guy Oltman	Bridge Energy Inc.	6/1/2006	17S	47E	11	Malheur	Oregon	2006-4631	91.9000	22.97	0.00	12.50%	5.00%		22.97
100-129	David E. Brown, and Elizabeth R. Lyon, husband and wife	Bridge Energy Inc.	4/3/2007	16S	47E	35	Malheur	Oregon	2007-3002	97.3700	97.37	97.37	12.50%	5.00%	97.37	97.37
100-125	Russell Newton, Trustee of the Elmer Newton Trust, U.A.D.	Bridge Energy Inc.	3/28/2007	16S	47E	35	Malheur	Oregon	2007-2687	123.8800	123.88	123.88	12.50%	5.00%	123.88	123.88
100-060	Palmer & Sons, a partnership of Mark W. Palmer and Joseph W.	Bridge Energy Inc.	9/7/2006	16S	47E	27	Malheur	Oregon	2006-7469	127.6000	127.60	127.60	12.50%	5.00%	127.60	127.60
100-098	Robert A. Mairs, and Eileen R. Mairs,	Bridge Energy Inc.	10/24/2006	17S	47E	9	Malheur	Oregon	340686	147.5600	147.56	147.56	12.50%	5.00%	147.56	147.56
100-134A	Mark W. Palmer, a married man dealing in	Bridge Energy Inc.	9/7/2006	16S	47E	21	Malheur	Oregon	2007-7495	153.7300	138.96	153.73	12.50%	5.00%	153.73	138.96
100-124	Jeffrey L. Irwin, and Eileen F. Irwin, husband	Bridge Energy Inc.	3/29/2007	16S	47E	20	Malheur	Oregon	2007-2686	263.7000	263.70	263.70	12.50%	5.00%	263.70	263.70
100-003	Guy A. Dean, a married man dealing in his sole	Bridge Energy Inc.	2/3/2006	16S	47E	19	Malheur	Oregon	2006-1833	437.7200	437.72	437.72	12.50%	5.00%	437.72	437.72
100-188	Hart Farms, Inc., an Oregon corporation	Bridge Energy Inc.	6/16/2008	16S	47E	14	Malheur	Oregon	2008-4843	546.7500	546.75	546.75	12.50%	5.00%	546.75	546.75
100-031	Nagaki Farms, Inc., an Oregon corporation	Bridge Energy Inc.	6/16/2006	16S	47E	23	Malheur	Oregon	2006-4874 336858	904.5300	904.53	904.53	12.50%	5.00%	694.69	694.69
100-004	Fisher Livestock and Property, LLC, an Idaho	Bridge Energy Inc.	2/14/2006	16S	47E	20	Malheur	Oregon	2006-1832	932.7100	932.71	932.7100	12.50%	5.00%	932.7100	932.7100
100-132	Farmland Reserve, Inc.	Bridge Energy Inc.	5/1/2007	16S	46E	25	Malheur	Oregon	2007-6433	3399.8100	3319.81	3399.81	12.50%	5.00%	3399.81	3319.81
100-300	ORORE63314 United States of America, Oregon State BLM	Bridge Energy Inc.	6/1/2006	19S	46E	6	Malheur	Oregon		2203.1200	2203.12	2203.12	12.50%	5.00%	2203.12	2203.12

100-301	ORORG3466 United States of America, Oregon State BLM	Bridge Energy Inc.	6/1/2006	19S	46E	28	Malheur	Oregon		1903.62	1903.62	1903.62	12.50%	5.00%	1903.62	1903.62
100-302	ORORG3628 United States of America, Oregon State BLM	Bridge Energy Inc.	6/1/2006	16S	47E	18	Malheur	Oregon		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
															Gross	Net
															11832.89	11738.12

LEASE NO.	LESSOR	CURRENT LESSEE	LEASE EFFECTIVE DATE	TOWNSHIP	RANGE	SECTION	COUNTY	RECORDING INFO. - INSTRUMENT NO.	LEASE GROSS ACRES	LEASE NET ACRES	REPORTING GROSS ACRES COUNT	LEASE ROYALTY	LEASE ORRI	WASHINGTON GROSS ACRES	WASHINGTON NET ACRES
100-024	Big Willow Creek Company and Idaho Corporation	Bridge Energy Inc.	6/20/2006	10N	4W	35	Washington	336789	4862.3500	4382.35	4862.35	12.50%	5.00%	440.00	440.00
100-560	O-02010 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	4	Washington		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-561	O-02011 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	7	Washington		280.81	280.81	280.81	12.50%	5.00%	280.81	280.81
100-562	O-02012 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	8	Washington		80.00	80.00	80.00	12.50%	5.00%	80.00	80.00
100-563	O-02013 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	9	Washington		360.00	360.00	360.00	12.50%	5.00%	360.00	360.00
100-564	O-02014 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	10	Washington		360.00	360.00	360.00	12.50%	5.00%	360.00	360.00
100-565	O-02015 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	16	Washington		640.00	640.00	640.00	12.50%	5.00%	640.00	640.00
100-566	O-02016 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	18	Washington		120.00	120.00	120.00	12.50%	5.00%	120.00	120.00
100-567	O-02017 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	5W	8	Washington		70.00	70.00	70.00	12.50%	5.00%	70.00	70.00
100-568	O-02018 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	19	Washington		124.28	124.28	124.28	12.50%	5.00%	124.28	124.28
100-569	O-02019 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	20	Washington		81.68	81.68	81.68	12.50%	5.00%	81.68	81.68
100-570	O-02020 State of Idaho, Department of Lands	Bridge Energy Inc.	6/1/2006	10N	4W	36	Washington		646.04	646.04	646.04	12.50%	5.00%	646.04	646.04
														Gross	Net
														3322.81	3322.81

EXHIBIT B

Attached to and made a part of that certain Exploration Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Lands

EXHIBIT C

Attached to and made a part of that certain Exploration Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Assignment

FORM OF ASSIGNMENT AND BILL OF SALE

ASSIGNMENT AND BILL OF SALE

STATE OF IDAHO §
§
COUNTIES OF GEM and PAYETTE §

_____, whose address 1580 Lincoln Street, Suite 1110, Denver, Colorado 80203, ("Assignor"), in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms, provisions, covenants and conditions hereinafter provided, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN and DELIVER unto _____, whose address is 15021 Katy Freeway, Suite 400, Houston, Texas 77094 ("Assignee"), the following (hereinafter collectively referred to as the "Properties"):

(a) An undivided thirty-six percent (36%) of eight-eighths (8/8ths) (the "Assigned Interest") in the entire estates created by the oil, gas and mineral leases and other oil and gas interests (the "Leases") and lands covered thereby (the "Lands")described in Exhibit "A" attached hereto, together with all property and rights incident thereto, including all rights and interests in any unit or pooled area in which the Leases and/or Lands are included to the extent that such rights and interests arise from and are associated with the Leases and/or Lands, including all rights derived from any unitization, pooling, operating, communitization or other agreement or from any declaration or order of any Governmental Authority having jurisdiction, together with all direct and indirect interests in and rights with respect to oil, gas, minerals and related properties and assets of any kind or nature, including working, royalty and overriding royalty interests, production payments, operating rights, net profits interests, other non-working interests and non-operating interests covering or with respect to the Leases and Lands whether or not specifically described in Exhibit "A";

(b) The Assigned Interest in the oil and/or gas wells located on the Leases and/or Lands, or other leases and/or lands pooled therewith, including, without limitation, the wells described in Exhibit "B" attached hereto (the "Wells");

(c) The Assigned Interest in all rights, privileges, benefits and powers with respect to the use and occupancy of the surface and subsurface depths in and under the Leases and Lands that are necessary or incidental to possession and enjoyment thereof or any interest therein under the terms of the Leases applicable thereto;

(d) The Assigned Interest in all valid and existing gas purchase and sale contracts, operating agreements, participation agreements, prospect agreements, seismic agreements, and other contracts, and agreements relating to the Leases, Lands and the Wells (collectively, the "Contracts");

(e) The Assigned Interest in all permits, easements, rights-of-way, surface leases, franchises, licenses, approvals, consents, certificates, servitudes, surface use agreements, and other similar interests used or held for use in connection with the ownership or operation of the Leases, Lands and/or Wells or with production or treatment of hydrocarbons produced

therefrom, or sale or disposal of water, hydrocarbons or associated substances therefrom or attributable thereto;

(f) The Assigned Interest in all oil, gas, and related hydrocarbons and other minerals produced from and after the Effective Time attributable to the Leases, Lands and Wells;

(g) The Assigned Interest in all wellbores, fixtures, equipment, and other property, both movable and immovable, by attachment or otherwise that are used or held for use in connection with the Leases, Lands and/or Wells, appurtenant thereto, or directly used or obtained in connection with the Leases, Lands and/or Wells or with the production, treatment, sale, or disposal of hydrocarbons or waste produced therefrom or attributable thereto, including, without limitation, all gathering systems, pipelines, processing systems, plants, compressors, meters, injection wells, salt water disposal wells and facilities, well equipment, casing, tanks, buildings, tubing, pipeline pipe (including, without limitation, the approximately eight and a half (8-1/2) miles of pipeline pipe owned by Seller and located in Idaho and Utah), pumps, motors, fixtures, machinery, power lines, roads, field processing plants and all other equipment and improvements to the extent used in the operation of the Wells, Leases and/or Lands (collectively, the "Equipment");

(h) All other properties and interests (real, personal, contractual or mixed) including without limitation, to the extent transferable at no cost or expense to Assignor, or that Assignee, at its sole option, agrees to pay any transfer cost or expense, geological, geophysical and seismic data, owned by Assignor in whole or in part, to the extent they are used or held for use in connection with the Assigned Interest Leases, Lands and/or Wells; and

(i) to the extent assignable or transferable, all books, records, files, muniments of title, reports and similar documents and materials that relate to the Assigned Interest in the Properties in the possession of, and maintained by, Assignor.

TO HAVE AND TO HOLD the Properties unto Assignee, its successors and assigns, subject to the terms and provisions hereof, forever. Assignor forever warrants and defends title to the Properties against all persons claiming by, through or under Assignor, but not otherwise.

This Assignment and Bill of Sale ("Assignment") is made subject to the terms, provisions, covenants and conditions of the following contracts:

1. The Leases and all other instruments recorded in the real property records of the County Clerk's office as of the effective date of this Assignment that affect the Properties described in the attached Exhibit "A".

2. All terms of the Purchase and Sale agreement dated effective January 1, 2012, between Assignor and Assignee (the "PSA").

3. EXCEPT WITH RESPECT TO THE REPRESENTATIONS AND WARRANTIES ASSIGNOR MADE IN THE PSA, ASSIGNOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE QUANTITY, QUALITY, CONDITION, SIZE, WEIGHT, SERVICEABILITY, OR ANY OTHER ASPECT OF THE WELLS, WELLBORES, FIXTURES, EQUIPMENT, OR OTHER PERSONAL PROPERTY THAT CONSTITUTE THE PROPERTIES AND THAT ARE BEING CONVEYED HEREBY TO ASSIGNEE AS IS, WHERE IS,

AND WITH ALL FAULTS AND DEFECTS AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR. ASSIGNOR SPECIFICALLY DISCLAIMS, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED (OTHER THAN THOSE MADE IN THE PSA), THAT THE PROPERTIES, OR ANY PORTION THEREOF, ARE IN COMPLIANCE WITH ANY FEDERAL OR STATE ENVIRONMENTAL RULES OR REGULATIONS.

4. ASSIGNEE SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNOR, ITS EMPLOYEES AND AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM (as defined below.):

(a) ARISING FROM OR RELATING TO, WHOLLY OR IN PART, THE OPERATION OR OWNERSHIP OF THE PROPERTIES ON OR AFTER THE EFFECTIVE DATE OF THIS ASSIGNMENT, OR

(b) RELATING TO THE PROPERTIES WHICH ARE EXCLUDED FROM ASSIGNORS' INDEMNITY OBLIGATION.

5. ASSIGNOR SHALL FULLY PROTECT, DEFEND, RELEASE, INDEMNIFY, AND HOLD HARMLESS ASSIGNEE, ITS EMPLOYEES AND AGENTS, SUCCESSORS, ATTORNEYS AND ASSIGNS FROM AND AGAINST EACH AND EVERY CLAIM SOLELY ARISING FROM OR RELATING TO THE OWNERSHIP OF THE PROPERTIES PRIOR TO THE EFFECTIVE DATE OF THIS ASSIGNMENT, PROVIDED, HOWEVER, ASSIGNOR'S INDEMNITY OBLIGATION SHALL NOT APPLY TO ANY CLAIM RELATING TO THE ASSUMED ENVIRONMENTAL OBLIGATIONS, AS SUCH TERM IS DEFINED IN THE PSA

6. THE PARTY CLAIMING A RIGHT TO INDEMNITY HEREUNDER SHALL, AS SOON AS IT IS REASONABLY PRACTICABLE: (I) NOTIFY THE INDEMNIFYING PARTY IN WRITING OF ANY CLAIM AS TO WHICH INDEMNITY IS SOUGHT, GIVING FULL PARTICULARS IN REASONABLE DETAIL; (II) COOPERATE WITH THE INDEMNIFYING PARTY IN THE DEFENSE OF SUCH CLAIM; AND (III) NOT MAKE OR AGREE TO ANY SETTLEMENT OF SUCH CLAIM WITHOUT THE INDEMNIFYING PARTY'S WRITTEN CONSENT, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

7. THE TERM "CLAIM", AS USED HEREIN, MEANS ANY AND ALL DIRECT OR INDIRECT, DEMANDS, CLAIMS, NOTICES OF VIOLATION, NOTICES OF PROBABLE VIOLATION, FILINGS, INVESTIGATIONS, ADMINISTRATIVE PROCEEDINGS, ACTIONS, CAUSES OF ACTION, SUITS, AND OTHER LEGAL PROCEEDINGS, JUDGMENTS, ASSESSMENTS, DAMAGES, DEFICIENCIES, TAXES, PENALTIES, FINES, OBLIGATIONS, RESPONSIBILITIES, LIABILITIES, PAYMENTS, CHARGES, COSTS, AND EXPENSES (INCLUDING WITHOUT LIMITATION COSTS AND EXPENSES OF OPERATING THE PROPERTIES) OF ANY KIND OR CHARACTER (WHETHER OR NOT ASSERTED PRIOR TO THE CLOSING DATE, AND WHETHER KNOWN OR UNKNOWN, FIXED OR UNFIXED, CONDITIONAL OR UNCONDITIONAL, BASED ON NEGLIGENCE, STRICT LIABILITY, BREACH OF REPRESENTATION, WARRANTY OR AGREEMENT, OR OTHERWISE, CHOATE OR INCHOATE, LIQUIDATED OR UNLIQUIDATED, SECURED OR UNSECURED, ACCRUED, ABSOLUTE, CONTINGENT, OR OTHERWISE), INCLUDING WITHOUT LIMITATION PENALTIES AND INTEREST ON ANY AMOUNT PAYABLE AS A RESULT OF ANY OF THE FOREGOING, ANY LEGAL OR OTHER COSTS AND EXPENSES INCURRED IN CONNECTION WITH INVESTIGATING OR DEFENDING ANY CLAIM, AND ALL AMOUNTS PAID IN

SETTLEMENT OF CLAIMS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE TERM "CLAIMS" SPECIFICALLY INCLUDES, WITHOUT LIMITATION, ANY AND ALL CLAIMS ARISING FROM, ATTRIBUTABLE TO OR INCURRED IN CONNECTION WITH ANY (I) BREACH OF CONTRACT, (II) LOSS OR DAMAGE TO PROPERTY, INJURY TO OR DEATH OF PERSONS, AND OTHER TORTIOUS INJURY, AND (III) VIOLATIONS OF APPLICABLE LAWS, RULES, REGULATIONS, ORDERS OR ANY OTHER LEGAL RIGHT OR DUTY ACTIONABLE AT LAW OR EQUITY.

8. This Assignment and all rights, reservations and covenants in connection therewith shall be considered covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

[Signature pages follow]

IN WITNESS WHEREOF, this Assignment is dated effective as of January 1, 2012, but executed as of the date set forth below as acknowledged.

ASSIGNOR:

_____

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of March, 2012, by _____, the _____ of _____, a _____ corporation, on behalf of said corporation.

_____
Notary Public in and for the
State of Colorado

ASSIGNEE:

_____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the _____ day of March, 2012, by _____, the _____ of _____, a _____ limited liability company, on behalf of said limited liability company.

_____
Notary Public in and for the
State of Texas

EXHIBIT A

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between _____. and _____

LEASES

THE OIL, GAS AND MINERAL LEASES

EXHIBIT B

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between _____. and _____

WELLS

EXHIBIT D

Attached to and made a part of that certain Exploration Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

Operating Agreement

A.A.P.L. FORM 610 - 1989

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

_____ , _____ , the Effective Date
year

OPERATOR **AM Idaho, LLC**

CONTRACT AREA _____

_____

_____

_____

_____

COUNTIES OF **Canyon, Gem, Payette and Washington** , STATE OF **Idaho**
Malheur, STATE OF **Oregon**

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AMERICAN ASSOCIATION OF PETROLEUM LANDMEN, 4100 FOSSIL CREEK BLVD. FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 – 1989

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A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between _____, hereinafter designated and referred to as "Operator," and the signatory party or parties other than Operator, sometimes hereinafter referred to individually as "Non-Operator," and collectively as "Non-Operators."

WITNESSETH:

WHEREAS, the parties to this agreement are owners of Oil and Gas Leases and/or Oil and Gas Interests in the land identified in Exhibit "A," and the parties hereto have reached an agreement to explore and develop these Leases and/or Oil and Gas Interests for the production of Oil and Gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.

DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "AFE" shall mean an Authority for Expenditure prepared by a party to this agreement for the purpose of estimating the costs to be incurred in conducting an operation hereunder.

B. The term "Completion" or "Complete" shall mean a single operation intended to complete a well capable of producing ↓ Oil and Gas in one or more Zones, including, but not limited to, the setting of production casing, perforating, well stimulation and production testing conducted in such operation.

C. The term "Contract Area" shall mean all of the lands, Oil and Gas Leases and/or Oil and Gas Interests intended to be developed and operated for Oil and Gas purposes under this agreement. Such lands, Oil and Gas Leases and Oil and Gas Interests are described in Exhibit "A."

D. The term "Deepen" shall mean a single operation whereby a well is drilled to an objective Zone below the deepest Zone in which the well was previously drilled, or below the Deepest Zone proposed in the associated AFE.

E. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

F. The term "Drilling Unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a Drilling Unit is not fixed by any such rule or order, a Drilling Unit shall be the drilling unit as established by the pattern of drilling in the Contract Area unless fixed by express agreement of the Drilling Parties.

G. The term "Drillsite" shall mean the Oil and Gas Lease or Oil and Gas Interest on which a proposed well is to be located.

H. The term "Initial Well" shall mean the well required to be drilled by the parties hereto as provided in Article VI.A.

I. The term "Non-Consent Well" shall mean a well in which less than all parties have conducted an operation as provided in Article VI.B.2.

J. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

K. The term "Oil and Gas" shall mean oil, gas, casinghead gas, gas condensate, and/or all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

L. The term "Oil and Gas Interests" or "Interests" shall mean unleased fee and mineral interests in Oil and Gas in tracts of land lying within the Contract Area which are owned by parties to this agreement.

M. The terms "Oil and Gas Lease," "Lease" and "Leasehold" shall mean the oil and gas leases or interests therein covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

N. The term "Plug Back" shall mean a single operation whereby a deeper Zone is abandoned in order to attempt a Completion in a shallower Zone.

O. The term "Recompletion" or "Recomplete" shall mean an operation whereby a Completion in one Zone is abandoned in order to attempt a Completion in a different Zone within the existing wellbore.

P. The term "Rework" shall mean an operation conducted in the wellbore of a well after it is Completed to secure, restore, or improve production in a Zone which is currently open to production in the wellbore. Such operations include, but are not limited to, well stimulation operations but exclude any routine repair or maintenance work or drilling, Sidetracking, Deepening, Completing, Recompleting, or Plugging Back of a well.

Q. The term "Sidetrack" shall mean the directional control and intentional deviation of a well from vertical so as to change the bottom hole location unless done to straighten the hole or drill around junk in the hole to overcome other mechanical difficulties.

R. The term "Zone" shall mean a stratum of earth containing or thought to contain a common accumulation of Oil and Gas separately producible from any other common accumulation of Oil and Gas.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the word "person" includes natural and artificial persons, the plural includes the singular, and any gender includes the masculine, feminine, and neuter.

ARTICLE II.

EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

__x__ A. Exhibit "A," shall include the following information:

(1) Description of lands subject to this agreement,

(2) Restrictions, if any, as to depths, formations, or substances,

(3) Parties to agreement with addresses and telephone numbers for notice purposes,

(4) Percentages or fractional interests of parties to this agreement,

(5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,

(6) Burdens on production.

__x__ B. Exhibit "B," ↓Reporting Requirements / Geological Information

__x__ C. Exhibit "C," Accounting Procedure.

__x__ D. Exhibit "D," Insurance.

__x__ E. Exhibit "E," Gas Balancing Agreement.

__x__ F. Exhibit "F," ↓Memorandum of Operating Agreement and Financing Statement

If any provision of any exhibit, except Exhibits "E," and "F"," is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an Oil and Gas Interest in the Contract Area, that Interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by form of Oil and Gas Lease a mutually acceptable and the owner thereof shall be deemed to own both royalty interest in such lease and the interest of the lessee thereunder.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties as their interests are set forth in Exhibit "A." In the same manner, the parties shall also own all production of Oil and Gas from the Contract Area subject, however, to the payment of royalties and other burdens on production as described hereafter.

Regardless of which party has contributed any Oil and Gas Lease or Oil and Gas Interest on which royalty or other burdens may be payable and except as otherwise expressly provided in this agreement, each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area up to, but not in excess of, burdens on production as set out in Exhibit "A" and shall indemnify, defend and hold the other parties free from any liability therefor. Except as otherwise expressly provided in this agreement, if any party has contributed hereto any Lease or Interest which is burdened with any royalty, overriding royalty, production payment or other burden on production in excess of the amounts stipulated above, such party so burdened shall assume and alone bear all such excess obligations and shall indemnify, defend and hold the other parties hereto harmless from any and all claims attributable to such excess burden. However, so long as the Drilling Unit for the productive Zone(s) is identical with the Contract Area, each party shall pay or deliver, or cause to be paid or delivered, all burdens on production from the Contract Area due under the terms of the Oil and Gas Lease(s) which such party has contributed to this agreement, and shall indemnify, defend and hold the other parties free from any liability therefor.

No party shall ever be responsible, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected Lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby, and in the event two or more parties contribute to this agreement jointly owned Leases, the parties' undivided interests in said Leaseholds shall be deemed separate leasehold interests for the purposes of this agreement.

C. Subsequently Created Interests:

If any party has contributed hereto a Lease or Interest that is burdened with an assignment of production given as security for the payment of money, or if, after the date of this agreement, any party creates an overriding royalty, production payment, net profits interest, assignment of production or other burden payable out of production attributable to its working interest hereunder, such burden shall be deemed a "Subsequently Created Interest." Further, if any party has contributed hereto a Lease or Interest burdened with an overriding royalty, production payment, net profits interests, or other burden payable out of production created prior to the date of this agreement, and such burden is not shown on Exhibit "A," such burden also shall be deemed a Subsequently Created Interest to the extent such burden causes the burdens on such party's Lease or Interest to exceed the amount stipulated in Article III.B. above.

The party whose interest is burdened with the Subsequently Created Interest (the "Burdened Party") shall assume and alone bear, pay and discharge the Subsequently Created Interest and shall indemnify, defend and hold harmless the other parties from and against any liability therefor. Further, if the Burdened Party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the Subsequently Created Interest in the same manner as they are enforceable against the working interest of the Burdened Party. If the Burdened Party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said Subsequently Created Interest, and the Burdened Party shall indemnify, defend and hold harmless said other party, or parties, from any and all claims and demands for payment asserted by owners of the Subsequently Created Interest.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the Drillsite of any proposed well prior to commencement of drilling operations and, if a majority in interest of the Drilling Parties so request or Operator so elects, title examination shall be made on the entire Drilling Unit, or maximum anticipated Drilling Unit, of the well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable Leases. Each party contributing Leases and/or Oil and Gas Interests to be included in the Drillsite or Drilling Unit, if appropriate, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each Drilling Party. Costs incurred by Operator in procuring abstracts, fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in royalty opinions and division order title opinions) and other direct charges as provided in Exhibit "C" shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A." Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Operator shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by each party. Operator shall be responsible for the preparation and recording of pooling designations or declarations and communitization agreements as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders or any other orders necessary or appropriate to the conduct of operations hereunder. This shall not prevent any party from appearing on its own behalf at such hearings. Costs incurred by Operator, including fees paid to outside attorneys, which are associated with hearings before governmental agencies, and which costs are necessary and proper for the activities contemplated under this agreement, shall be direct charges to the joint account and shall not be covered by the administrative overhead charges as provided in Exhibit "C."

Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

No well shall be drilled on the Contract Area until after the title has been accepted by [a majority interest] of the Drilling Parties in such well.

B. Loss or Failure of Title:

3. All Losses: All losses of Leases or Interests committed to this agreement, shall be joint losses and shall be borne by all parties in proportion to their interests shown on Exhibit "A." This shall include but not be limited to the loss of any Lease or Interest through failure to develop or because express or implied covenants have not been performed (other than performance which requires only the payment of money), and the loss of any Lease by expiration at the end of its primary term if it is not renewed or extended. There shall be no readjustment of interests in the remaining portion of the Contract Area on account of any joint loss.

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

_____ shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. In its performance of services hereunder for the Non-Operators, Operator shall be an independent contractor not subject to the control or direction of the Non-Operators except as to the type of operation to be undertaken in accordance with the election procedures contained in this agreement. Operator shall not be deemed, or hold itself out as, the agent of the Non-Operators with authority to bind them to any obligation or liability assumed or incurred by Operator as to any third party. Operator shall conduct its activities under this agreement as a reasonable prudent operator, in a good and workmanlike manner, with due diligence and dispatch, in accordance with good oilfield practice, and in compliance with applicable law and regulation, but in no event shall it have any liability as Operator to the other parties for losses sustained or liabilities incurred except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed only for good cause by the affirmative vote of Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator; such vote shall not be deemed effective until a written notice has been delivered to the Operator by a Non-Operator detailing the alleged default and Operator has failed to cure the default within thirty (30) days (exclusive of Saturdays and Sundays and legal holidays) from its receipt of the notice or, if the default concerns an operation then being conducted, within forty-eight (48) hours of its receipt of the notice. For purposes hereof, "good cause" shall mean not only gross negligence or willful misconduct but also the material breach of or inability to meet the standards of operation contained in Article V.A. or material failure or inability to perform its obligations under this agreement.

Subject to Article VII.D.1., such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator under any provision of this agreement, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed or is deemed to have resigned fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of the party or parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed or resigned. The former Operator shall promptly deliver to the successor Operator all records and data relating to the operations conducted by the former Operator to the extent such records and data are not already in the possession of the successor operator. Any cost of obtaining or copying the former Operator's records and data shall be charged to the joint account.

3. Effect of Bankruptcy: If Operator becomes insolvent, bankrupt or is placed in receivership, it shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. If a petition for relief under the federal bankruptcy laws is filed by or against Operator, and the removal of Operator is prevented by the federal bankruptcy court, all Non-Operators and Operator shall comprise an interim operating committee to serve until Operator has elected to reject or assume this agreement pursuant to the Bankruptcy Code, and an election to reject this agreement by Operator as a debtor in possession, or by a trustee in bankruptcy, shall be deemed a resignation as Operator without any action by Non-Operators, except the selection of a successor. During the period of time the operating committee controls operations, all actions shall require the approval of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A." In the event there are only two (2) parties to this agreement, during the period of time the operating committee controls operations, a third party acceptable to Operator, Non-Operator and the federal bankruptcy court shall be selected as a member of the operating committee, and all actions shall require the approval of two (2) members of the operating committee without regard for their interest in the Contract Area based on Exhibit "A."

C. Employees and Contractors:

The number of employees or contractors used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees or contractors shall be the employees or contractors of Operator.

D. Rights and Duties of Operator:

1. Competitive Rates and Use of Affiliates: All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. (for comparable equipment and personnel) If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature. All work performed or materials supplied by affiliates or related parties of Operator shall be performed or supplied at competitive rates, pursuant to written agreement, and in accordance with customs and standards prevailing in the industry.

2. Discharge of Joint Account Obligations: Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in Exhibit "C." Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

3. Protection from Liens: Operator shall pay, or cause to be paid, as and when they become due and payable, all accounts of contractors and suppliers and wages and salaries for services rendered or performed, and for materials supplied on, to or in respect of the Contract Area or any operations for the joint account thereof, and shall keep the Contract Area free from

liens and encumbrances resulting therefrom except for those resulting from a bona fide dispute as to services rendered or materials supplied.

4. Custody of Funds: Operator shall hold for the account of the Non-Operators any funds of the Non-Operators advanced or paid to the Operator, either for the conduct of operations hereunder or as a result of the sale of production from the Contract Area, and such funds shall remain the funds of the Non-Operators on whose account they are advanced or paid until used for their intended purpose or otherwise delivered to the Non-Operators or applied toward the payment of debts as provided in Article VII.B. Nothing in this paragraph shall be construed to establish a fiduciary relationship between Operator and Non-Operators for any purpose other than to account for Non-Operator funds as herein specifically provided. Nothing in this paragraph shall require the maintenance by Operator of separate accounts for the funds of Non-Operators unless the parties otherwise specifically agree.

5. Access to Contract Area and Records: Operator shall, except as otherwise provided herein, permit each Non-Operator or its duly authorized representative, at the Non-Operator's sole risk and cost, full and free access at all reasonable times to all operations of every kind and character being conducted for the joint account on the Contract Area and to the records of operations conducted thereon or production therefrom, including Operator's books and records relating thereto. Such access rights shall not be exercised in a manner interfering with Operator's conduct of an operation hereunder and shall not obligate Operator to furnish any geologic or geophysical data of an interpretive nature unless the cost of preparation of such interpretive data was charged to the joint account. Operator will furnish to each Non-Operator upon request copies of any and all reports and information obtained by Operator in connection with production and related items, including, without limitation, meter and chart reports, production purchaser statements, run tickets and monthly gauge reports, but excluding purchase contracts and pricing information to the extent not applicable to the production of the Non-Operator seeking the information. Any audit of Operator's records relating to amounts expended and the appropriateness of such expenditures shall be conducted in accordance with the audit protocol specified in Exhibit "C."

6. Filing and Furnishing Governmental Reports: Operator will file, and upon written request promptly furnish copies to each requesting Non-Operator not in default of its payment obligations, all operational notices, reports or applications required to be filed by local, State, Federal or Indian agencies or authorities having jurisdiction over operations hereunder. Each Non-Operator shall provide to Operator on a timely basis all information necessary to Operator to make such filings.

7. Drilling and Testing Operations: The following provisions shall apply to each well drilled hereunder, including but not limited to the Initial Well:

(a) Operator will promptly advise Non-Operators of the date on which the well is spudded, or the date on which drilling operations are commenced.

(b) Operator will send to Non-Operators such reports, test results and notices regarding the progress of operations on the well as the Non-Operators shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

(c) Operator shall adequately test all Zones encountered which may reasonably be expected to be capable of producing Oil and Gas in paying quantities as a result of examination of the electric log or any other logs or cores or tests conducted hereunder.

8. Cost Estimates: Upon request of any Consenting Party, Operator shall furnish estimates of current and cumulative costs incurred for the joint account at reasonable intervals during the conduct of any operation pursuant to this agreement. Operator shall not be held liable for errors in such estimates so long as the estimates are made in good faith.

9. Insurance: At all times while operations are conducted hereunder, Operator shall comply with the workers compensation law of the state where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be as provided in Exhibit "C." Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D" attached hereto and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the workers compensation law of the state where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event automobile liability insurance is specified in said Exhibit "D," or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's automotive equipment.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:
On or before the _____ day of _____, _____, Operator shall commence the drilling of the Initial Well at the following location:

and shall thereafter continue the drilling of the well with due diligence to

The drilling of the Initial Well and the participation therein by all parties is obligatory, subject to Article VI.C.1. as to participation in Completion operations and Article VI.F. as to termination of operations and Article XI as to occurrence of force majeure.

B. Subsequent Operations:

1. Proposed Operations: If any party hereto should desire to drill any well on the Contract Area other than the Initial Well, or if any party should desire to Rework, Sidetrack, Deepen, Recomplete or Plug Back a dry hole or a well no longer capable of producing in paying quantities in which such party has not otherwise relinquished its interest in the proposed objective Zone under this agreement, the party desiring to drill, Rework, Sidetrack, Deepen, Recomplete or Plug Back such a well shall give written notice of the proposed operation to the parties who have not otherwise relinquished their interest in such objective Zone

under this agreement and to all other parties in the case of a proposal for Sidetracking or Deepening, specifying the work to be performed, the location, proposed depth, objective Zone and the estimated cost of the operation. The parties to whom such a notice is delivered shall have thirty (30) days after receipt of the notice within which to notify the party proposing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of a proposal to Rework, Sidetrack, Recomplete, Plug Back or Deepen may be given by telephone and the response period shall be limited to forty-eight (48) hours. Failure of a party to whom such notice is delivered to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If all parties to whom such notice is delivered elect to participate in such a proposed operation, the parties shall be contractually committed to participate therein provided such operations are commenced within the time period hereafter set forth, and Operator shall, no later than ninety (90) days after expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be), actually commence the proposed operation and thereafter complete it with due diligence at the risk and expense of the parties participating therein; provided, however, said commencement date may be extended upon written notice of same by Operator to the other parties, for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such additional time is reasonably necessary to obtain permits from governmental authorities, surface rights (including rights-of-way) or appropriate drilling equipment, or to complete title examination or curative matter required for title approval or acceptance. If the actual operation has not been commenced within the time provided (including any extension thereof as specifically permitted herein or in the force majeure provisions of Article XI) and if any party hereto still desires to conduct said operation, written notice proposing same must be resubmitted to the other parties in accordance herewith as if no prior proposal had been made. Those parties that did not participate in the drilling of a well for which a proposal to Deepen or Sidetrack is made hereunder shall, if such parties desire to participate in the proposed Deepening or Sidetracking operation, reimburse the Drilling Parties in accordance with Article VI.B.4. in the event of a Deepening operation and in accordance with Article VI.B.5. in the event of a Sidetracking operation.

2. Operations by Less Than All Parties:

(a) Determination of Participation. If any party to whom such notice is delivered as provided in Article VI.B.1. or VI.C.1. (Option No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this Article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, no later than ninety (90) days after the expiration of the notice period of thirty (30) days (or as promptly as practicable after the expiration of the forty-eight (48) hour period when a drilling rig is on location, as the case may be) actually commence the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (i) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (ii) designate one of the Consenting Parties as Operator to perform such work. The rights and duties granted to and imposed upon the Operator under this agreement are granted to and imposed upon the party designated as Operator for an operation in which the original Operator is a Non-Consenting Party. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise all Parties of the total interest of the parties approving such operation and its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours after delivery of such notice, shall advise the proposing party of its desire to (i) limit participation to such party's interest as shown on Exhibit "A" or (ii) carry only its proportionate part (determined by dividing such party's interest in the Contract Area by the interests of all Consenting Parties in the Contract Area) of Non-Consenting Parties' interests, or (iii) carry its proportionate part (determined as provided in (ii)) of Non-Consenting Parties' interests together with all or a portion of its proportionate part of any Non-Consenting Parties' interests that any Consenting Party did not elect to take. Any interest of Non-Consenting Parties that is not carried by a Consenting Party shall be deemed to be carried by the party proposing the operation if such party does not withdraw its proposal. Failure to advise the proposing party within the time required shall be deemed an election under (i). In the event a drilling rig is on location, notice may be given by telephone, mail, facsimile / or email and the time permitted for such a response shall not exceed a total of forty-eight (48) hours. The proposing party, at its election, may withdraw such proposal if there is less than 100% participation and shall notify all parties of such decision within ten (10) days, or within twenty-four (24) hours if a drilling rig is on location, following expiration of the applicable response period. If 100% subscription to the proposed operation is obtained, the proposing party shall promptly notify the Consenting Parties of their proportionate interests in the operation and the party serving as Operator shall commence such operation within the period provided in Article VI.B.1., subject to the same extension right as provided therein.

(b) Relinquishment of Interest for Non-Participation. The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, then subject to and VI.E.3., the Consenting Parties shall plug and abandon the well and restore the surface location at their sole cost, risk and expense; provided, however, that those Non-Consenting Parties that participated in the drilling, Deepening or Sidetracking of the well shall remain liable for, and shall pay, their proportionate shares of the cost of plugging and abandoning the well and restoring the surface location insofar only as those costs were not increased by the subsequent operations of the Consenting Parties. If any well drilled, Reworked, Sidetracked, Deepened, Recompleted or Plugged Back under the provisions of this Article results in a well capable of producing Oil and/or Gas in paying quantities, the Consenting Parties shall Complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator (if the Operator did not conduct the operation) and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, Reworking, Sidetracking, Recompleting, Deepening or Plugging Back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom or, in the case of a Reworking, Sidetracking,

Deepening, Recompleting or Plugging Back, or a Completion pursuant to Article VI.C.1. Option No. 2, all of such Non-Consenting Party's interest in the production obtained from the operation in which the Non-Consenting Party did not elect to participate. Such relinquishment shall be effective until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting applicable ad valorem, production, severance, and excise taxes, royalty, overriding royalty and other interests not excepted by Article III.C. payable out of or measured by the production from such well accruing with respect to such interest until it reverts), shall equal the total of the following:

(i) 200.0 % of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including but not limited to stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to such Non-Consenting Party had it participated in the well from the beginning of the operations; and

(ii) 500.0 % of (a) that portion of the costs and expenses of drilling, Reworking, Sidetracking, Deepening, Plugging Back, testing, Completing, and Recompleting, after deducting any cash contributions received under Article VIII.C., and of (b) that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

(c) Reworking, Recompleting or Plugging Back. An election not to participate in the drilling, Sidetracking or Deepening of a well shall be deemed an election not to participate in any Reworking or Plugging Back operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Similarly, an election not to participate in the Completing or Recompleting of a well shall be deemed an election not to participate in any Reworking operation proposed in such a well, or portion thereof, to which the initial non-consent election applied that is conducted at any time prior to full recovery by the Consenting Parties of the Non-Consenting Party's recoupment amount. Any such Reworking, Recompleting or Plugging Back operation conducted during the recoupment period shall be deemed part of the cost of operation of said well and there shall be added to the sums to be recouped by the Consenting Parties 500.0% of that portion of the costs of the Reworking, Recompleting or Plugging Back operation which would have been chargeable to such Non-Consenting Party had it participated therein. If such a Reworking, Recompleting or Plugging Back operation is proposed during such recoupment period, the provisions of this Article VI.B. shall be applicable as between said Consenting Parties in said well.

(d) Recoupment Matters. During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all ad valorem, production, severance, excise, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production not excepted by Article III.C.

In the case of any Reworking, Sidetracking, Plugging Back, Recompleting or Deepening operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such Reworking, Sidetracking, Plugging Back, Recompleting or Deepening, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within ninety (90) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, Sidetracking, Deepening, Plugging Back, testing, Completing, Recompleting, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of Oil and Gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of Oil and Gas produced during any month, Consenting Parties shall use industry accepted methods such as but not limited to metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it as of 7:00 a.m. on the day following the day on which such recoupment occurs, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, Sidetracking, Reworking, Deepening, Recompleting or Plugging Back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and Exhibit "C" attached hereto.

3. Stand-By Costs: When a well which has been drilled or Deepened has reached its authorized depth and all tests have been completed and the results thereof furnished to the parties, or when operations on the well have been otherwise terminated pursuant to Article VI.F., stand-by costs incurred pending response to a party's notice proposing a Reworking,

Sidetracking, Deepening, Recompleting, Plugging Back or Completing operation in such a well (including the period required under Article VI.B.6. to resolve competing proposals) shall be charged and borne as part of the drilling or Deepening operation just completed. Stand-by costs subsequent to all parties responding, or expiration of the response time permitted, whichever first occurs, and prior to agreement as to the participating interests of all Consenting Parties pursuant to the terms of the second grammatical paragraph of Article VI.B.2. (a), shall be charged to and borne as part of the proposed operation, but if the proposal is subsequently withdrawn because of insufficient participation, such stand-by costs shall be allocated between the Consenting Parties in the proportion each Consenting Party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all Consenting Parties.

In the event that notice for a Sidetracking or Deepening operation is given while the drilling rig to be utilized is on location, any party may request and receive up to five (5) additional days after expiration of the forty-eight hour response period specified in Article VI.B.1. within which to respond by paying for all stand-by costs and other costs incurred during such extended response period; Operator may require such party to pay the estimated stand-by time in advance as a condition to extending the response period. If more than one party elects to take such additional time to respond to the notice, standby costs shall be allocated between the parties taking additional time to respond on a day-to-day basis in the proportion each electing party's interest as shown on Exhibit "A" bears to the total interest as shown on Exhibit "A" of all the electing parties.

4. Deepening: If less than all parties elect to participate in a drilling, Sidetracking, or Deepening operation proposed pursuant to Article VI.B.1., the interest relinquished by the Non-Consenting Parties to the Consenting Parties under Article VI.B.2. shall relate only and be limited to the lesser of (i) the total depth actually drilled or (ii) the objective depth or Zone of which the parties were given notice under Article VI.B.1. ("Initial Objective"). Such well shall not be Deepened beyond the Initial Objective without first complying with this Article to afford the Non-Consenting Parties the opportunity to participate in the Deepening operation.

In the event any Consenting Party desires to drill or Deepen a Non-Consent Well to a depth below the Initial Objective, such party shall give notice thereof, complying with the requirements of Article VI.B.1., to all parties (including Non-Consenting Parties). Thereupon, Articles VI.B.1. and 2. shall apply and all parties receiving such notice shall have the right to participate or not participate in the Deepening of such well pursuant to said Articles VI.B.1. and 2. If a Deepening operation is approved pursuant to such provisions, and if any Non-Consenting Party elects to participate in the Deepening operation, such Non-Consenting party shall pay or make reimbursement (as the case may be) of the following costs and expenses.

(a) If the proposal to Deepen is made prior to the Completion of such well as a well capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) that share of costs and expenses incurred in connection with the drilling of said well from the surface to the Initial Objective which Non-Consenting Party would have paid had such Non-Consenting Party agreed to participate therein, plus the Non-Consenting Party's share of the cost of Deepening and of participating in any further operations on the well in accordance with the other provisions of this Agreement; provided, however, all costs for testing and Completion or attempted Completion of the well incurred by Consenting Parties prior to the point of actual operations to Deepen beyond the Initial Objective shall be for the sole account of Consenting Parties.

(b) If the proposal is made for a Non-Consent Well that has been previously Completed as a well capable of producing in paying quantities, but is no longer capable of producing in paying quantities, such Non-Consenting Party shall pay (or reimburse Consenting Parties for, as the case may be) its proportionate share of all costs of drilling, Completing, and equipping said well from the surface to the Initial Objective, calculated in the manner provided in paragraph (a) above, less those costs recouped by the Consenting Parties from the sale of production from the well. The Non-Consenting Party shall also pay its proportionate share of all costs of re-entering said well. The Non-Consenting Parties' proportionate part (based on the percentage of such well Non-Consenting Party would have owned had it previously participated in such Non-Consent Well) of the costs of salvable materials and equipment remaining in the hole and salvable surface equipment used in connection with such well shall be determined in accordance with Exhibit "C." If the Consenting Parties have recouped the cost of drilling, Completing, and equipping the well at the time such Deepening operation is conducted, then a Non-Consenting Party may participate in the Deepening of the well with no payment for costs incurred prior to re-entering the well for Deepening

The foregoing shall not imply a right of any Consenting Party to propose any Deepening for a Non-Consent Well prior to the drilling of such well to its Initial Objective without the consent of the other Consenting Parties as provided in Article VI.F.

5. Sidetracking: Any party having the right to participate in a proposed Sidetracking operation that does not own an interest in the affected wellbore at the time of the notice shall, upon electing to participate, tender to the wellbore owners its proportionate share (equal to its interest in the Sidetracking operation) of the value of that portion of the existing wellbore to be utilized as follows:

(a) If the proposal is for Sidetracking an existing dry hole, reimbursement shall be on the basis of the actual costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is initiated.

(b) If the proposal is for Sidetracking a well which has previously produced, reimbursement shall be on the basis of such party's proportionate share of drilling and equipping costs incurred in the initial drilling of the well down to the depth at which the Sidetracking operation is conducted, calculated in the manner described in Article VI.B.4(b) above. Such party's proportionate share of the cost of the well's salvable materials and equipment down to the depth at which the Sidetracking operation is initiated shall be determined in accordance with the provisions of Exhibit "C."

7. Conformity to Spacing Pattern. Notwithstanding the provisions of this Article VI.B.2., it is agreed that no wells shall be proposed to be drilled to or Completed in or produced from a Zone from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such Zone or has been approved as an exception to the then-existing spacing pattern for such zone by the appropriate agency.

8. Paying Wells. No party shall conduct any Reworking, Deepening, Plugging Back, Completion, Recompletion, or Sidetracking operation under this agreement with respect to any well then capable of producing in paying quantities except with the consent of all parties that have not relinquished interests in the well at the time of such operation.

C. Completion of Wells; Reworking and Plugging Back:

1. Completion: Without the consent of all parties, no well shall be drilled, Deepened or Sidetracked, except any well drilled, Deepened or Sidetracked pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the drilling, Deepening or Sidetracking shall include:

☑ Option No. 2: All necessary expenditures for the drilling, Deepening or Sidetracking and testing of the well. When such well has reached its authorized depth, and all logs, cores and other tests have been completed, and the results

thereof furnished to the parties, Operator shall give immediate notice to the Non-Operators having the right to participate in a Completion attempt whether or not Operator recommends attempting to Complete the well, together with Operator's AFE for Completion costs if not previously provided. The parties receiving such notice shall have / fifteen (15) days, or, if a rig is on location, forty-eight (48) hours in which to elect by delivery of notice to Operator to participate in a recommended Completion attempt or to make a Completion proposal with an accompanying AFE. Operator shall deliver any such Completion proposal, or any Completion proposal conflicting with Operator's proposal, to the other parties entitled to participate in such Completion in accordance with the procedures specified in Article VI.B.6. Election to participate in a Completion attempt shall include consent to all necessary expenditures for the Completing and equipping of such well, including necessary tankage and/or surface facilities / including, but not limited to, pipelines, flow lines, meters and meter sites, taps and tap sites, but excluding any stimulation operation not contained on the Completion AFE. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the Completion attempt; provided, that Article VI.B.6. shall control in the case of conflicting Completion proposals. If one or more, but less than all of the parties, elect to attempt a Completion, the provision of Article VI.B.2. hereof (the phrase "Reworking, Sidetracking, Deepening, Recompleting or Plugging Back" as contained in Article VI.B.2. shall be deemed to include "Completing") shall apply to the operations thereafter conducted by less than all parties; provided, however, that Article VI.B.2. shall apply separately to each separate Completion or Recompletion attempt undertaken hereunder, and an election to become a Non-Consenting Party as to one Completion or Recompletion attempt shall not prevent a party from becoming a Consenting Party in subsequent Completion or Recompletion attempts regardless whether the Consenting Parties as to earlier Completions or Recompletion have recouped their costs pursuant to Article VI.B.2.; provided further, that any recoupment of costs by a Consenting Party shall be made solely from the production attributable to the Zone in which the Completion attempt is made. Election by a previous Non-Consenting party to participate in a subsequent Completion or Recompletion attempt shall require such party to pay its proportionate share of the cost of salvable materials and equipment installed in the well pursuant to the previous Completion or Recompletion attempt, insofar and only insofar as such materials and equipment benefit the Zone in which such party participates in a Completion attempt.

2. Rework, Recomplete or Plug Back: No well shall be Reworked, Recompleted or Plugged Back except a well Reworked, Recompleted, or Plugged Back pursuant to the provisions of Article VI.B.2. of this agreement. Consent to the Reworking, Recompleting or Plugging Back of a well shall include all necessary expenditures in conducting such operations and Completing and equipping of said well, including necessary tankage and/or surface facilities.

D. Other Operations:

Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifty Thousand and no/100 Dollars ($ 50,000.00) except in connection with the drilling, Sidetracking, Reworking, Deepening, Completing, Recompleting or Plugging Back of a well that has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares an AFE for its own use, Operator shall furnish any Non-Operator so requesting an information copy thereof for any single project costing in excess of Fifty Thousand and no/100 Dollars ($ 50,000.00). Any party who has not relinquished its interest in a well shall have the right to propose that Operator perform repair work or undertake the installation of artificial lift equipment or ancillary production facilities such as salt water disposal wells or to conduct additional work with respect to a well drilled hereunder or other similar project reasonably estimated to require an expenditure in excess of the amount first set forth above in this Article VI.D. (except in connection with an operation required to be proposed under Articles VI.B.1. or VI.C.1. Option No. 2, which shall be governed exclusively be those Articles). Operator shall deliver such proposal to all parties entitled to participate therein. If within thirty (30) days thereof Operator secures the written consent of any party or parties owning at least 60.0 % of the interests of the parties entitled to participate in such operation, each party having the right to participate in such project shall be bound by the terms of such proposal and shall be obligated to pay its proportionate share of the costs of the proposed project as if it had consented to such project pursuant to the terms of the proposal.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled or Deepened pursuant to Article VI.B.2., any well which has been drilled or Deepened under the terms of this agreement and is proposed to be completed as a dry hole shall not be

plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours after delivery of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling or Deepening such well. Any party who objects to plugging and abandoning such well by notice delivered to Operator within forty-eight (48) hours after delivery of notice of the proposed plugging shall take over the well as of the end of such forty-eight (48) hour notice period and conduct further operations in search of Oil and/or Gas subject to the provisions of Article VI.B.; failure of such party to provide proof reasonably satisfactory to Operator of its financial capability to conduct such operations or to take over the well within such period or thereafter to conduct operations on such well or plug and abandon such well shall entitle Operator to retain or take possession of the well and plug and abandon the well. The party taking over the well shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations conducted on such well except for the costs of plugging and abandoning the well and restoring the surface, for which the abandoning parties shall remain proportionately liable.

2. Abandonment of Wells That Have Produced: Except for any well in which a Non-Consent operation has been conducted hereunder for which the Consenting Parties have not been fully reimbursed as herein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. Failure of a party to reply within thirty (30) days of delivery of notice of proposed abandonment shall be deemed an election to consent to the proposal. If, within thirty (30) days after delivery of notice of the proposed abandonment of any well, all parties do not agree to the abandonment of such well, those wishing to continue its operation from the Zone then open to production shall be obligated to take over the well as of the expiration of the applicable notice period and shall indemnify Operator (if Operator is an abandoning party) and the other abandoning parties against liability for any further operations on the well conducted by such parties. Failure of such party or parties to provide proof reasonably satisfactory to Operator of their financial capability to conduct such operations or to take over the well within the required period or thereafter to conduct operations on such well shall entitle operator to retain or take possession of such well and plug and abandon the well.

Parties taking over a well as provided herein shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, or fitness for use of the equipment and material, all of its interest in the wellbore of the well and related equipment, together with its interest in the Leasehold insofar and only insofar as such Leasehold covers the right to obtain production from that wellbore in the Zone then open to production. If the interest of the abandoning party is or includes and Oil and Gas Interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the wellbore and the Zone then open to production, for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the Zone covered thereby, such lease to be on a mutually agreeable form. The assignments or leases so limited shall encompass the Drilling Unit upon which the well is located. The payments by, and the assignments or leases to, the assignees shall be in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interests in the remaining portions of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the Zone then open other than the royalties retained in any lease made under the terms of this Article. Upon proposed abandonment of the producing Zone assigned or leased, the assignor or lessor shall then have the option to repurchase its prior interest in the well (using the same valuation formula) and participate in further operations therein subject to the provisions hereof.

3. Abandonment of Non-Consent Operations: The provisions of Article VI.E.1. or VI.E.2. above shall be applicable as between Consenting Parties in the event of the proposed abandonment of any well excepted from said Articles; provided, however, no well shall be permanently plugged and abandoned unless and until all parties having the right to conduct further operations therein have been notified of the proposed abandonment and afforded the opportunity to elect to take over the well in accordance with the provisions of this Article VI.E.; and provided further, that Non-Consenting Parties who own an interest in a portion of the well shall pay their proportionate shares of abandonment and surface restoration cost for such well as provided in Article VI.B.2.(b).

F. Termination of Operations:

Upon the commencement of an operation for the drilling, Reworking, Sidetracking, Plugging Back, Deepening, testing, Completion or plugging of a well, including but not limited to the Initial Well, such operation shall not be terminated without consent of parties bearing _60___% of the costs of such operation; provided, however, that in the event granite or other practically impenetrable substance or condition in the hole is encountered which renders further operations impractical, Operator may discontinue operations and give notice of such condition in the manner provided in Article VI.B.1, and the provisions of Article VI.B. or VI.E. shall thereafter apply to such operation, as appropriate.

G. Taking Production in Kind:

☑ **Option No. 1: Gas Balancing Agreement Attached**

☐ have the option to

Each party shall take in kind and separately dispose of its proportionate share of all Oil and Gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating Oil and Gas for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind and separate disposition by any party of its proportionate share of the production shall be borne by such party. Any party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VII.B., shall be entitled to receive payment

directly from the purchaser thereof for its share of all production.

If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the Oil produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such Oil or sell it to others at any time and from time to time, for the account of the non-taking party at the same price obtained for Operator's share of production under an arms length third party purchase or sales contract. Any such purchase or sale by Operator may be terminated by Operator upon at least thirty (30) days written notice to the owner of said production and shall be subject always to the right of the owner of the production upon at least thirty (30) days written notice to Operator to exercise at any time its right to take in kind, or separately dispose of, its share of all Oil. Any purchase or sale by Operator of any other party's share of Oil shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year provided however, that the effective date of any such revocation may be deferred at Operator's election for a period not to exceed ninety (90) days if Operator has committed such production to a purchase contract having a term extending beyond such thirty (30) day period .

Any such sale of Oil and Gas by Operator shall be in a manner commercially reasonable under the circumstances but Operator shall have no duty to share any existing market or to obtain a price equal to that received under any existing market. The sale or delivery by Operator of a non-taking party's share of Oil and Gas under the terms of any existing contract of Operator shall not give the non-taking party any interest in or make the non-taking party a party to said contract. No purchase shall be made by Operator without first giving the non-taking party at least ten (10) days written notice of such intended purchase and the price to be paid or the pricing basis to be used.

All parties shall give timely written notice to Operator of their Gas marketing arrangements for the following month, excluding price, and shall notify Operator immediately in the event of a change in such arrangements. Operator shall maintain records of all marketing arrangements, and of volumes actually sold or transported, which records shall be made available to Non-Operators upon reasonable request.

In the event one or more parties shall fail to take in kind or separately dispose of its/their proportionate share of gas, and if such partie's separate disposition of its/their share of the Gas causes split-stream deliveries to separate pipelines and/or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total Gas sales to be allocated to it, the balancing or accounting between the parties shall be in accordance with any Gas balancing agreement between the parties hereto, whether such an agreement is attached as Exhibit "E" or is a separate agreement. Operator shall give notice to all parties of the first sales of Gas from any well under this agreement. If any party creates the necessity for separate measurement facilities such party shall bear all costs related to purchase, installation and maintenance of such facilities.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally, and no party shall have any liability to third parties hereunder to satisfy the default of any other party in the payment of any expense or obligation hereunder. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership, joint venture, agency relationship or association, or to render the parties liable as partners, co-venturers, or principals. In their relations with each other under this agreement, the parties shall not be considered fiduciaries or to have established a confidential relationship but rather shall be free to act on an arm's-length basis in accordance with their own respective self-interest, subject, however, to the obligation of the parties to act in good faith in their dealings with each other with respect to activities hereunder.

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B. Liens and Security Interests:

Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and Oil and Gas Interests in the Contract Area, and a security interest and/or purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this agreement including but not limited to payment of expense, interest and fees, the proper disbursement of all monies paid hereunder, the assignment or relinquishment of interest in Oil and Gas Leases as required hereunder, and the proper performance of operations hereunder. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this agreement, the Oil and Gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of Oil and/or Gas at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

To perfect the lien and security agreement provided herein, each party hereto shall execute and acknowledge the recording supplement and/or any financing statement prepared and submitted by any party hereto in conjunction herewith or at any time following execution hereof, and Operator is authorized to file this agreement or the recording supplement executed herewith as a lien or mortgage in the applicable real estate records and as a financing statement with the proper officer under the Uniform Commercial Code in the state in which the Contract Area is situated and such other states as Operator shall deem appropriate to perfect the security interest granted hereunder. Any party may file this agreement, the recording supplement executed herewith, or such other documents as it deems necessary as a lien or mortgage in the applicable real estate records and/or a financing statement with the proper officer under the Uniform Commercial Code.

Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in Oil and Gas Leases and Interests covered by this agreement by, through or under such party. All parties acquiring an interest in Oil and Gas Leases and Oil and Gas Interests covered by this agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest granted by this Article VII.B. as to all obligations attributable to such interest hereunder whether or not such obligations arise before or after such interest is acquired.

To the extent that parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed 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 party in the payment of its share of expenses, interests or fees, or upon the improper use of funds by the Operator, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of Oil and Gas until the amount owed by such party, plus interest as provided in "Exhibit C," has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of Oil and Gas.

If any party fails to pay its share of cost within one hundred twenty (120) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. The amount paid by each party so paying its share of the unpaid amount shall be secured by the liens and security rights described in Article VII.B., and each paying party may independently pursue any remedy available hereunder or otherwise.

If any party does not perform all of its obligations hereunder, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisement of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

Each party agrees that the other parties shall be entitled to utilize the provisions of Oil and Gas lien law or other lien law of any state in which the Contract Area is situated to enforce the obligations of each party hereunder. Without limiting the generality of the foregoing, to the extent permitted by applicable law, Non-Operators agree that Operator may invoke or utilize the mechanics' or materialmen's lien law of the state in which the Contract Area is situated in order to secure the payment to Operator of any sum due hereunder for services performed or materials supplied by Operator.

C. Advances:

Advancement of estimated costs shall be in accordance with Article XVI. C.

D. Defaults and Remedies:

If any party fails to discharge any financial obligation under this agreement, including without limitation the failure to make any advance under the Article XVI.C.. or any other provision of this agreement, within the period required for such payment hereunder, then in addition to the remedies provided in Article VII.B. or elsewhere in this agreement, the remedies specified below shall be applicable. For purposes of this Article VII.D., all notices and elections shall be delivered

only by Operator, except that Operator shall deliver any such notice and election requested by a non-defaulting Non-Operator, and when Operator is the party in default, the applicable notices and elections can be delivered by any Non-Operator. Election of any one or more of the following remedies shall not preclude the subsequent use of any other remedy specified below or otherwise available to a non-defaulting party.

1. Suspension of Rights: Upon request by any party, Operator shall deliver to the party in default a Notice of Default, which shall specify the default, specify the action to be taken to cure the default, and specify that failure to take such action will result in the exercise of one or more of the remedies provided in this Article. If the default is not cured within thirty (30) days of the delivery of such Notice of Default, all of the rights of the defaulting party granted by this agreement may upon notice be suspended until the default is cured, without prejudice to the right of the non-defaulting party or parties to continue to enforce the obligations of the defaulting party previously accrued or thereafter accruing under this agreement. If Operator is the party in default, the Non-Operators shall have in addition the right, by vote of Non-Operators owning a majority in interest in the Contract Area after excluding the voting interest of Operator, to appoint a new Operator effective immediately. The rights of a defaulting party that may be suspended hereunder at the election of the non-defaulting parties shall include, without limitation, the right to receive information as to any operation conducted hereunder during the period of such default, the right to elect to participate in an operation proposed under Article VI.B. of this agreement, the right to participate in an operation being conducted under this agreement even if the party has previously elected to participate in such operation, and the right to receive proceeds of production from any well subject to this agreement.

2. Suit for Damages: Non-defaulting parties or Operator for the benefit of non-defaulting parties may sue (at joint account expense) to collect the amounts in default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in Exhibit "C" attached hereto. Nothing herein shall prevent any party from suing any defaulting party to collect consequential damages accruing to such party as a result of the default.

3. Deemed Non-Consent: The non-defaulting party may deliver a written Notice of Non-Consent Election to the defaulting party at any time after the expiration of the thirty-day cure period following delivery of the Notice of Default, in which event if the billing is for the drilling a new well or the Plugging Back, Sidetracking, Reworking or Deepening of a well which is to be or has been plugged as a dry hole, or for the Completion or Recompletion of any well, the defaulting party will be conclusively deemed to have elected not to participate in the operation and to be a Non-Consenting Party with respect thereto under Article VI.B. or VI.C., as the case may be, to the extent of the costs unpaid by such party, notwithstanding any election to participate theretofore made.

Until the delivery of such Notice of Non-Consent Election to the defaulting party, such party shall have the right to cure its default by paying its unpaid share of costs plus interest at the rate set forth in Exhibit "C," provided, however, such payment shall not prejudice the rights of the non-defaulting parties to pursue remedies for damages incurred by the non-defaulting parties as a result of the default. Any interest relinquished pursuant to this Article VII.D.3. shall be offered to the non-defaulting parties in proportion to their interests, and the non-defaulting parties electing to participate in the ownership of such interest shall be required to contribute their shares of the defaulted amount upon their election to participate therein.

4. Advance Payment: If a default is not cured within thirty (30) days of the delivery of a Notice of Default, Operator, or Non-Operators if Operator is the defaulting party, may thereafter require advance payment from the defaulting party of such defaulting party's anticipated share of any item of expense for which Operator, or Non-Operators, as the case may be, would be entitled to reimbursement under any provision of this agreement, whether or not such expense was the subject of the previous default. Such right includes, but is not limited to, the right to require advance payment for the estimated costs of drilling a well or Completion of a well as to which an election to participate in drilling or Completion has been made. If the defaulting party fails to pay the required advance payment, the non-defaulting parties may pursue any of the remedies provided in the Article VII.D. or any other default remedy provided elsewhere in this agreement. Any excess of funds advanced remaining when the operation is completed and all costs have been paid shall be promptly returned to the advancing party.

5. Costs and Attorneys' Fees: In the event any party is required to bring legal proceedings to enforce any financial obligation of a party hereunder, the prevailing party in such action shall be entitled to recover all court costs, costs of collection, and a reasonable attorney's fee, which the lien provided for herein shall also secure.

E. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement and billed to the joint account. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.3

Operator shall notify Non-Operators of the anticipated completion of a shut-in well, or the shutting in or return to production of a producing well, at least five (5) days (excluding Saturday, Sunday, and legal holidays) prior to taking such action, or at the earliest opportunity permitted by circumstances, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operators, the loss of any lease contributed hereto by Non-Operators for failure to make timely payments of any shut-in well payment shall be borne jointly by the parties hereto under the provisions of Article IV.B.3.

F. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on Leases and Oil and Gas Interests contributed by such Non-Operator. If the assessed valuation of any Lease is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such Lease, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties hereto in accordance with the tax value generated by each party's working interest. Operator shall bill the other parties for their proportionate shares of all tax payments in the manner provided in Exhibit "C."

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C."

Each party shall pay or cause to be paid all production, severance, excise, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of Oil and Gas produced under the terms of this agreement.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The Leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any Lease or in any portion thereof, such party shall give written notice of the proposed surrender to all parties, and the parties to whom such notice is delivered shall have thirty (30) days after delivery of the notice within which to notify the party proposing the surrender whether they elect to consent thereto. Failure of a party to whom such notice is delivered to reply within said 30-day period shall constitute a consent to the surrender of the Leases described in the notice. If all parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such Lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not consenting to such surrender. If the interest of the assigning party is or includes an Oil and Gas Interest, the assigning party shall execute and deliver to the party or parties not consenting to such surrender an oil and gas lease covering such Oil and Gas Interest for a term of one (1) year and so long thereafter as Oil and/or Gas is produced from the land covered thereby, such lease to be on ↓a mutually agreeable form.
Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the interest assigned or leased and the operation of any well attributable thereto, and the assigning party shall have no further interest in the assigned or leased premises and its equipment and production. The party assignee or lessee shall pay to the party assignor or lessor the reasonable salvage value of the latter's interest in any well's salvable materials and equipment attributable to the assigned or leased acreage. The value of all salvable materials and equipment shall be determined in accordance with the provisions of Exhibit "C," less the estimated cost of salvaging and the estimated cost of plugging and abandoning and restoring the surface. If the assignment or lease is in favor of more than one party, the interest shall be shared by such parties in the proportions that the interest of each bears to the total interest of all such parties. If the interest of the parties to whom the assignment is to be made varies according to depth, then the interest assigned shall similarly reflect such variances.

Any assignment, lease or surrender made under this provision shall not reduce or change the assignor's, or surrendering party's interest as it was immediately before the assignment, lease or surrender in the balance of the Contract Area; and the acreage assigned, leased or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement but shall be deemed subject to an Operating Agreement in the form of this agreement.

B. Renewal, Extension or Acquisition of Leases:

If any party acquires, or secures a renewal or replacement of, an Oil and Gas Lease within the Contract Area, then all other parties shall be notified promptly upon such acquisition or, in the case of a replacement Lease taken before expiration of an existing Lease, promptly upon expiration of the existing Lease. The parties notified shall have the right for a period of thirty (30) days following delivery of such notice in which to elect to participate in the ownership of the acquired, renewal or replacement Lease, insofar as such Lease affects lands within the Contract Area, by paying to the party who acquired it their proportionate shares of the acquisition cost allocated to that part of such Lease within the Contract Area, which shall be in proportion to the interest held at that time by the parties in the Contract Area. Each party who participates in the purchase of an acquired, renewal or replacement Lease shall be given an assignment of its proportionate interest therein by the acquiring party.

If some, but less than all, of the parties elect to participate in the purchase of an acquired, renewal or replacement Lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such acquired, renewal or replacement Lease. The acquisition of an acquired, renewal or replacement Lease by any or all of the parties hereto shall not cause a readjustment of the interests of the parties stated in Exhibit "A," but any acquired, renewal or replacement Lease in which less than all parties elect to participate shall not be subject to this agreement but shall be deemed subject to a separate Operating Agreement in the form of this agreement.

If the interests of the parties in the Contract Area vary according to depth, then their right to participate proportionately in acquired, renewal or replacement Leases and their right to receive an assignment of interest shall also reflect such depth variances.

The provisions of this Article shall apply to renewal or replacement Leases whether they are for the entire interest covered by the expiring Lease or cover only a portion of its area or an interest therein. Any renewal or replacement Lease taken before the expiration of its predecessor Lease, or taken or contracted for or becoming effective within six (6) months after the expiration of the existing Lease, shall be subject to this provision so long as this agreement is in effect at the time of such acquisition or at the time the renewal or replacement Lease becomes effective; but any Lease taken or contracted for more than six (6) months after the expiration of an existing Lease shall not be deemed a renewal or replacement Lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall also be applicable to extensions of Oil and Gas Leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash towards the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. Such acreage shall become a separate Contract Area and, to the extent possible, be governed by provisions identical to this agreement. Each party shall promptly notify all other parties of any acreage or cash contributions it may obtain in support of any well or any other operation on the Contract Area. The above provisions shall also be applicable to optional rights to earn acreage outside the Contract Area which are in support of well drilled inside Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Assignment; Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the Contract Area in the Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production covered by this agreement no party shall sell, encumber, transfer or make other disposition of its interest in the Oil and Gas Leases and Oil and Gas Interests embraced within the Contract Area or in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production; or

2. an equal undivided percent of the party's present interest in all Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production in the Contract Area.

Every sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement and shall be made without prejudice to the right of the other parties, and any transferee of an ownership interest in any Oil and Gas Lease or Interest shall be deemed a party to this agreement as to the interest conveyed from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party hereunder with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted hereunder in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. shall continue to burden the interest transferred to secure payment of any such obligations.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interest within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the Oil and Gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

E. Waiver of Rights to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

If, for federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, and if the parties have not otherwise agreed to form a tax partnership pursuant to Exhibit "G" or other agreement between them, each party thereby affected elects to be excluded from the application of all of the provisions of Subchapter "K," Chapter 1, Subtitle "A," of the Internal Revenue Code of 1986, as amended ("Code"), as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Treasury Regulation §1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K," Chapter 1, Subtitle "A," of the Code, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single uninsured third party damage claim or suit arising from operations hereunder if the expenditure does not exceed Fifty Thousand and No/100 Dollars ($ 50,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expenses of handling settling, or otherwise discharging such claim or suit shall be a the joint expense of the parties participating in the operation from which the claim or suit arises. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, such party shall immediately notify all other parties, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to indemnify or make money payments or furnish security, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The term "force majeure," as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning / fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable. The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties by any of the provisions of this agreement, unless otherwise specifically provided, shall be in writing and delivered in person or by United States mail, courier service, telegram, telex, telecopier / email or any other form of facsimile, postage or charges prepaid, and addressed to such parties at the addresses listed on Exhibit "A." All telephone or oral notices permitted by this agreement shall be confirmed immediately thereafter by written Notice (oral notice will not be considered valid notice unless written confirmation is received with in forty-eight (48) hours of such oral notice) . The originating notice given under any provision hereof shall be deemed delivered only when received by the party to whom such notice is directed, and the time for such party to deliver any notice in response thereto shall run from the date the originating notice is received. "Receipt" for purposes of this agreement with respect to written notice delivered hereunder shall be actual delivery of the notice to the address of the party to be notified specified in accordance with this agreement, or to the telecopy, facsimile, telex machine / or email account of such party. The second or any responsive notice shall be deemed delivered when deposited in the United States mail or at the office of the courier or telegraph service, or upon transmittal by telex, telecopy, facsimile,/ or email or when personally delivered to the party to be notified, provided, that when response is required within 24 or 48 hours, such response shall be given orally or by telephone, telex, telecopy, email or other facsimile within such period. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties. If a party is not available to receive notice orally or by telephone when a party attempts to deliver a notice required to be delivered within 24 or 48 hours, the notice may be delivered in writing by any other method specified herein and shall be deemed delivered in the same manner provided above for any responsive notice.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the Oil and Gas Leases and/or Oil and Gas Interests subject hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any Lease or Oil and Gas Interest contributed by any other party beyond the term of this agreement.

☑ Option No. 1: So long as any of the Oil and Gas Leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise.

The termination of this agreement shall not relieve any party hereto from any expense, liability or other obligation or any remedy therefor which has accrued or attached prior to the date of such termination.

Upon termination of this agreement and the satisfaction of all obligations hereunder, in the event a memorandum of this Operating Agreement has been filed of record, Operator is authorized to file of record in all necessary recording offices a notice of termination, and each party hereto agrees to execute such a notice of termination as to Operator's interest, upon request of Operator, if Operator has satisfied all its financial obligations.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the applicable laws of the state in which the Contract Area is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations and orders.

B. Governing Law:

This agreement and all matters pertaining hereto, including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state of Idaho shall govern.

C. Regulatory Agencies:

Nothing herein contained shall grant, or be construed to grant, Operator the right or authority to waive or release any rights, privileges, or obligations which Non-Operators may have under federal or state laws or under rules, regulations or

orders promulgated under such laws in reference to oil, gas and mineral operations, including the location, operation, or production of wells, on tracts offsetting or adjacent to the Contract Area.

With respect to the operations hereunder, Non-Operators agree to release Operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Operator's interpretation or application of rules, rulings, regulations or orders of the Department of Energy or Federal Energy Regulatory Commission or predecessor or successor agencies to the extent such interpretation or application was made in good faith and does not constitute gross negligence. Each Non-Operator further agrees to reimburse Operator for such Non-Operator's share of production or any refund, fine, levy or other governmental sanction that Operator may be required to pay as a result of such an incorrect interpretation or application, together with interest and penalties thereon owing by Operator as a result of such incorrect interpretation or application.

ARTICLE XV.
MISCELLANEOUS

A. Execution:

This agreement shall be binding upon each Non-Operator when this agreement or a counterpart thereof has been executed by such Non-Operator and Operator notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area.

B. Successors and Assigns:

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and the terms hereof shall be deemed to run with the Leases or Interests included within the Contract Area.

C. Counterparts:

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

D. Severability:

For the purposes of assuming or rejecting this agreement as an executory contract pursuant to federal bankruptcy laws, this agreement shall not be severable, but rather must be assumed or rejected in its entirety, and the failure of any party to this agreement to comply with all of its financial obligations provided herein shall be a material default.

ARTICLE XVI.
OTHER PROVISIONS

This Agreement shall be subject to that certain Exploration Agreement dated the _____ day of _____, 2012, between _____ and _____, covering the _____ Prospect Area. If any provision of this Agreement is in conflict with any provision of said Exploration Agreement, the provisions of the Exploration Agreement shall govern and control.

Notwithstanding anything herein to the contrary, if any provision of this Article XVI is in conflict with Articles I. through XV of this Operating Agreement or any Exhibit to this Operating Agreement, the provisions of this Article XVI shall govern and control.

A. PRIORITY OF OPERATIONS 1. When any well has been drilled to its authorized depth, if the Consenting Parties to the drilling of such well cannot mutually agree upon the conduct of further operations, the operations proposed to be conducted shall be governed by the following sequence of priority:

(a) a proposal to do additional logging, coring or testing of the open hole; then
(b) a proposal to attempt to complete the well in the objective formation; then
(c) a proposal to plug the well back and to attempt a completion in a formation above or below the objective formation; then
(d) a proposal to deepen the well; then
(e) a proposal to sidetrack the well; then
(f) a proposal to plug and abandon the well.

No party may propose any operation with respect to any well (i) while there is pending a prior proposal for any operation respecting such well until that proposal is withdrawn or terminates, or until the operation contemplated thereby has been completed or (ii) while there is in progress any operation on such well until such operation has been completed.

2. If, at the time the Consenting Parties are considering any of the above proposals, the hole is in such a condition that a prudent Operator would not conduct a proposal(s) for fear of placing the hole in jeopardy or losing the same prior to any attempt to complete the well in the objective formation, then a proposal(s) shall not be given the priority set forth above. If additional logging, coring or testing is conducted, it shall be done at the sole risk, cost and expense of the Parties participating therein, who shall be responsible for any damage to the well bore resulting from such testing, including the re-drilling of the well if necessary. The Non-Consenting Party to such additional evaluation shall not be entitled to logs, information or data resulting from such tests.

B. SUBSEQUENT WELL PROPOSALS

1. Other than the Initial Well, any party may submit a proposal to drill a well ("Proposed Well") in the Contract Area. Such proposal shall be made in writing to the other party or parties and shall be accompanied by:

(a) A definition of the exploration objectives, including horizons and depths;
(b) The surface and bottom hole locations for the well;
(c) Land plat showing location of leases;
(d) Other information in support of an Proposed Well proposal;
(e) The estimated costs for drilling the Well, in the form of a proposed AFE therefor; and
(f) Drilling Prognosis.

The receiving parties shall have a period of thirty (30) days after receipt of such Proposal in which to make their participation election in the Proposed Well by returning to the Operator its election and approved AFE. If a Party elects not to participate in the Proposed Well or fails to timely notify Operator of its election within said thirty (30) days of receipt of such Proposal, that party shall, by such election or inaction, be deemed a Non-Consenting Party and shall have forfeited, without recourse, compensation or reimbursement of costs, all of its rights, title and interests in and to the Proposed Well and all Oil & Gas Interests associated with the Proposed Well as provided in Article XVI. D, below. In the event the initial well is not drilled within the time frames provided under this Operating Agreement, the Well Proposal shall be considered as though it had never been made. Any funds forwarded to the Operator shall be returned within five (5) business days of the expiration of the ninety (90) day period and any interest forfeited shall be returned or assigned back to the Non-Consenting Party.

2. No more than one (1) well proposal may be outstanding at any one time, unless it is necessary to sooner commence drilling operations on another well to preserve one or more leases, to satisfy an express off-set well obligation, or farmout.

3. For the purposes of this Article XVI.B, a proposal is no longer considered outstanding when a well has been Completed, abandoned, or drilling operations are not commenced within the time period allowed for proposed operations under this Operating Agreement.

C. ADVANCEMENT OF COSTS

1. DRILLING COSTS

Operator shall from time to time call for and receive from Non-Operators, payment in advance of Non-Operators' share of the estimated cost to drill any well to its total depth, to conduct open hole tests, therein, prior to a completion attempt, and to plug and abandon same as a dry hole, which right will be exercised by submission to Non-Operators, of an Authority For Expenditure and invoice for Non-Operators' share thereof. Non-Operators will, within thirty (30) days following receipt of Operator's Invoice and AFE, deliver to Operator, Non-Operators' share of the Invoice and approved AFE. Failure by any Non-Operator to timely deliver its share of cost and approved AFE shall constitute an election to not participate in the drilling of such well; and in the event such well is the Initial Well or Substitute Well, such Non-Operator shall be deemed to have forfeited, without recourse, all of its right, title and interest in and to the Contract Area; or in the event such well is any well other than the Initial Well or Substitute Well ("Subsequent Well") the terms of Article XVI.E shall apply. Proper adjustment shall be made between advances and actual expenses, to the end that Non-Operators will pay only its share of actual costs.

2. **OTHER THAN DRILLING COSTS**

Operator, at its discretion, may from time to time demand and receive from one or more of the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations proposed under Article VI. Operator shall submit to each such party, along with written notice of the proposed operation, an AFE itemizing such estimated expense, together with an invoice for its share thereof. Each party shall pay to Operator its proportionate share of such estimate within the time frame provided for delivery of notification of said Party's election to participate in the proposed operation. Failure by any Party to timely deliver its share of said estimated expense within said time frame shall constitute an election to not participate in such operations, except for in the case of elections under Article VI.E.

D. NON-CONSENT TO DRILL WELLS

Notwithstanding anything in this Operating Agreement to the contrary,

1. Article VI.B.2. shall not apply to any Party's election not to join in and pay for the drilling of a well on a Contract Area.

2. In the event any Party elects not to drill any well, the Non-Consenting Party shall, if such well is completed as an oil and/or gas well, immediately assign to the Consenting Parties, all rights, title and interests in and to the Contract Area attributable to said well for production purposes by virtue of the following:

(a) 40.0 acres surrounding the well if an oil well, or 160.0 acres surrounding the well if a gas well, with such 40.0 or 160.0 acre tracts in the form of a square as nearly as practicable with the well in the center thereof, or

(b) the acreage which would have been perpetuated or earned by the well under the terms of an expiring lease, continuous development provision of a lease (which could be the entire lease) or a farmout or other exploration agreement, together with that portion of the Contract Area(s) pooled therewith to form the units or other acreage configurations described in (a) above,

whichever is the greater amount of acreage. Such assignment shall convey all rights between the surface and the total depth drilled in such well, plus 100.0 feet.

3. The portion of the Contract Area so assigned shall be deleted from this Operating Agreement, and shall become subject to the provisions of an agreement identical to this Agreement with the exception of a modification to reflect the proper owners and percentages of ownership. In the event any well is not commenced within 90 days of proposing such well and thereafter drilled to its authorized depth, or is timely commenced and thereafter drilled to its authorized depth but is thereafter plugged and abandoned as a dry hole, no assignment by the Non-Consenting Party shall be due.

4. Article VI.C.1. Option No. 2 shall apply to the completion of all wells.

5. Article VI.B.2. will not apply to any operation which is necessary to perpetuate an expiring Oil and Gas Lease or interest therein or to perpetuate or earn rights in and to a lease pursuant to a farmout or other exploration agreement, including an operation required in the continuous development provision of a lease, farmout or other exploration agreement ("Required Operation"). If any Party elects not to participate in a Required Operation, the Non-Consenting Party will assign to the Consenting Parties that portion of the Contract Area(s) as set forth in Article XVI.N.3, below.

6. Nothing herein shall ever be construed so as to require an assignment of any Non-Consenting Party's interest in a producing well, or any land or lands in the contract area perpetuated thereby.

7. Any assignment shall not relieve the Non-Consenting Party from any obligation, liability or responsibility theretofore incurred.

E. NON-CONSENT TO REWORK, RECOMPLETE, DEEPENING, SIDETRACKING OR PLUGGING BACK OPERATION

1. The provisions of Article VI.B.2. shall apply to the Reworking, Recompleteing, Deepening, Sidetracking and Plugging Back of any well after it has been drilled to its authorized depth.

2. In the event a Consenting Party to the drilling and Completion of a well elects not to participate in the Reworking, Recompleting or Plugging Back operation for such well, said party shall be deemed to have relinquished to the Consenting Parties to the Reworking, Recompleting or Plugging Back operation in said well, who shall own and be entitled to receive all of such Non-Consenting Party's interest in such well, its leasehold operating rights and share of production therefrom, insofar and only insofar as it pertains to the zone or zones which are being Reworked, Recompleted or to which the well is being Plugged Back.

3. If pursuant to Article VI.B.2. hereto, less than all of the parties elect to participate in a proposed Reworking, Deepening or Plugging Back operation, and if such operation does not result in the production of hydrocarbons in commercial quantities, or result in a completion that ceases to produce in commercial quantities prior to the time at which the consenting parties are fully reimbursed as provided in Article VI.B.2., then, notwithstanding anything in this Operating Agreement to the contrary, the party or parties who elect not to participate in such Reworking, Deepening or Plugging Back operation shall nevertheless be responsible for their proportionate share (as set forth in Exhibit "A") of the cost to plug and abandon such well and salvage the equipment therefrom, except for the additional plugging and abandonment or salvage costs that are caused by the Reworking, Deepening or Plugging Back operation in which the party or parties did not participate and any exceptional expenses attributable to well control incidents resulting therefrom; the consenting parties shall be solely responsible for such additional costs.

F. DEFAULT

1. If any Party, including the Operator, fails to pay its share of any cost which it is obligated to pay under any provision of this Agreement ("Defaulting Party"), and if such default continues for a period of fifteen (15) days following delivery by any of the other Parties ("Non-Defaulting Parties") of written notice of such default to the Defaulting Party, then at any time after the expiration of such notice period, the Non-Defaulting Parties shall be entitled to the following remedies:

(a) The Non-Defaulting Parties may suspend by written notice, any or all of the rights of the Defaulting Party under this Agreement, without prejudice to the right of the Non-Defaulting Parties to continue to enforce the obligations of the Defaulting

Party under this Agreement. The rights of a Defaulting Party that may be suspended hereunder at the election of the Non-Defaulting Parties shall include, without limitation, the right to elect to participate in any subsequent operation regarding the well to which the default relates, or any subsequent operation proposed under this Agreement; and

(b) The Non-Defaulting Parties may take any action to which it may be entitled or pursue any remedy to collect the amounts in default, together with all damages suffered by the Non-Defaulting Parties as a result of the default, plus interest accruing on the amounts recovered from the date of default until the date of collection at the rate specified in the Accounting Procedure together with reasonable attorney's fees and court costs related thereto; or

(c) The Non-Defaulting Parties may deliver a written notice to the Defaulting Party at any time after the default occurs with the following effect:

(i) If the billing is for the completion or recompletion of a well, the Defaulting Party will be deemed conclusively to have elected not to participate in the subject operation under Paragraph VI.B.2. above from the time of the billing, which led to the default and to be a Non-Consenting party with respect thereto, notwithstanding any election to participate theretofore made.

(ii) Until the delivery of such notice to the Defaulting Party, the Defaulting Party shall have the right to cure its default by paying the unpaid billing(s) plus interest at the rate set forth in the Accounting Procedure. Any interest relinquished pursuant to this Paragraph shall be owned by the Non-Defaulting Parties pursuant to Paragraph VI.B.2. above, and the Non-Defaulting Parties shall be liable to contribute its share of the defaulted amount.

(iii) The Operator on behalf of the Non-Defaulting Parties may reduce any and all revenues, if any, attributed to the Defaulting Party's interest by the amount in default plus any interest charges accruing on such defaulting amount as provided in the Accounting Procedure.

2. Notwithstanding the other provisions of this Paragraph, if a Party fails to pay part or all of its share of costs hereunder because of a legitimate disagreement as to the appropriateness of part or all of the billing(s) in question, and if such Party makes such disagreement and the grounds therefore known to the other Party in writing prior to the due date of such billing and timely tenders payment of all undisputed amounts, then such Party shall not be subject to Section 1. (a) or 1. (c) of this Paragraph.

3. Notwithstanding anything in this Operating Agreement to the contrary, in the event a Defaulting Party fails to pay its share of costs which it is obligated to pay under any provision of this Agreement within fifteen (15) days after Defaulting Party's receipt of notice of such failure to pay, the Operator, at its sole discretion, may withhold from a Non-Operator's production revenues related to any well Operator operates pursuant to the Participation Agreement all accrued unpaid lease operating expenses, past due balances, and accrued unpaid expenses allocated to any well Operator operates on behalf of a Non-Operator pursuant to the Participation Agreement.

G. OPERATIONS ON PRODUCING WELLS

1. No well producing in paying quantities shall be reworked, recompleted or deepened, or plugged and abandoned without the consent of all Parties, except that a well producing in paying quantities may be "fraced" or otherwise stimulated for the purposes of enhancing existing production with the consent of the parties owning or representing at least 60.0% Percentage Interest in the well.

2. The provisions of Article VI.B. will apply to a proposal by any Party desiring that one or more producing zones within a well be "fraced" or otherwise stimulated for purposes of enhancing existing production. Except as set forth in Paragraph 1. above, any such proposed stimulation of a producing well may be performed if so approved by the Parties owning the working interest in such well or zone. The Party electing not to participate in the stimulation effort will be deemed a Non-Consenting Party and, as to such stimulation, will be subject to the penalties otherwise provided in Article VI.B.2. (a) and (b). The Consenting Parties in the stimulation effort will not be liable in damages to the Non-Consenting Party, if, as a consequence of the attempted stimulation, the well or zone is damaged, lost or destroyed.

H. PIPELINE AND/OR GATHERING LINE CONSTRUCTION

If any Party elects, in an operation not covered by Article VI, to construct, operate or purchase, or join in the construction, operation or purchase of a pipeline and/or gathering line to transport production from, but not within, the Contract Area, then such Party shall notify the other Parties furnishing all pertinent costs and information. The Parties receiving such notice shall have the right to participate in the construction, operation and ownership of such pipeline and/or gathering line by assuming their proportionate shares of the obligations and paying the costs attributable thereto.

I. COST ALLOCATION

Notwithstanding anything to the contrary contained in the Operating Agreement or the Accounting Procedure attached hereto as Exhibit "C", the following items shall not be considered within the category of administrative overhead:

1. All cost and expenses for outside attorneys and oil lease brokers incurred in the acquisition of Oil and Gas Leases and examination of and curing of titles.

2. All outside fees for legal, geological, geophysical, engineering, drafting and reproductive services and other costs and expenses as incurred in connection with the preparation and presentation of evidence and exhibits and handling of applications to and hearings before any governmental agencies or regulatory bodies.

J. DELAY RENTALS, OPTION PAYMENTS AND LEASE EXTENTIONS

Operator shall submit to the parties reports of the monthly delay rental payments that will be due and payable on leases subject hereto at least 60 days in advance of such payments being due, together with the due dates for such payments, Operator's recommendations for the payment or non-payment thereof, and a general description of the lands covered by same. A party may elect to terminate its interest in a lease or leases by providing written notice to Operator and all other parties hereto then owning an interest in said lease or leases, to the effect that the notifying party will not participate in the next ensuing delay rental payment with respect to such lease or leases at least 40 days in advance of such payments being due. Failure to notify Operator and such other parties of a party's election at least 40 days in advance of the rental payment due date shall be deemed an election to participate in payment of rentals. If at any time a party elects not to participate in payment of a delay rental, then the parties electing to participate in the payment shall have the right to assume their respective proportionate shares of the interest in the affected lease of the party electing not to participate by providing written notice to the other participating parties and Operator within 10 days after receipt of the notice of a party's election not to participate. Failure to provide such notice shall be deemed an election not to assume an interest. In the event that after such elections an interest in the affected lease remains that has not been assumed, Operator within 48 hours shall notify the participating parties, who may elect to assume their respective proportionate shares of such remaining interest by providing written notice within 48 hours after receipt of notice of the interest that is available; failure to provide such notice shall be deemed an election not to assume an additional interest. If, after all such elections, an interest remains that has not been assumed by a party, then, at Operator's sole discretion, the Operator may elect either to assume the remaining interest and make the delay rental payment or elect not to make the rental payment and allow the affected lease or leases to lapse and shall notify all of the parties.

A party electing to terminate its interest in a lease or leases shall assign its interest therein to the participating parties free of any overriding royalty interests, net profits interests or other burdens or encumbrances other than the lessor's royalties and any burdens listed on Exhibit "A" hereof. Any such lease or leases shall be removed from the terms of this Operating Agreement but shall be subject to the terms of an identical operating agreement between the participating parties with only the interests of the parties changed on Exhibit "A".

K. OPERATOR AS DISBURSING AGENT FOR NON-OPERATOR

Subject to the right of Non-Operator to take in kind its share of production from the Contract Area(s), Non-Operator designates Operator as the agent of Non-Operator to receive and disburse the proceeds derived from the sale of oil and gas produced from the Contract Area(s), including, but not limited to, disbursements to Non-Operators, royalty owners, and payment of severance and production taxes. Subject to provisions of the lien, security and default provisions of this Operating Agreement, Operator shall remit to Non-Operators their proportionate share of such proceeds within thirty (30) days after the receipt by Operator of such proceeds, less such Non-Operators share of all severance and production taxes.

L. AFE/COST OVERRUNS

Notwithstanding anything herein to the contrary, Operator shall not expend for any drilling, Completion, Reworking, Sidetracking, Deepening, Plugging Back or Recompleting operation an amount in excess of 125% of the amount authorized for the total operation by virtue of the original or initial AFE without first submitting a Supplemental AFE(s) to the Non-Operator(s) for approval. Any Non-Operator receiving such a Supplemental AFE(s) shall have a period of 48 hours which to either approve or reject the additional expenditure (however, if a rig is on location, every such Non-Operator shall make its best efforts to respond within 24 hours). Failure to respond shall constitute approval. In the event of non-approval, all subsequent operations conducted pursuant to such Supplemental AFE(s) shall be subject to the provisions of Article VI.B.2. Operations By Less Than All Parties, provided, however, that if a Non-Operator rejects the additional expenditure and the operation being conducted is a Required Operation, said Non-Operator shall assign and forfeit to the parties continuing with the operation all of its interest in the leases or portions thereof and to the formations and depths covered thereby which would be lost or not earned if such operation is not continued. This paragraph shall not apply to expenditures by the Operator which are required to deal with explosion, fire, flood or other sudden emergency, whether of the same or different nature, or operations required to maintain the hole in a stable condition.

M. INFORMATION DISTRIBUTION LIST/GEOLOGICAL WELL REQUIREMENTS

Attached hereto as Exhibit "G", entitled "Information Distribution List/Geological Well Requirements," is a summary of the notice and data requirements which Operator hereby agrees to observe and perform with respect to each Non-Operator.

N. REQUIRED OPERATIONS

1. If a proposal is made for the drilling, Deepening, Reworking, Plugging Back, Sidetracking or Recompleting of a well or wells or for any other operation proposed or required within six months of the expiration of any right and/or interest subject to this Operating Agreement in order to (1) continue a lease or leases in force and effect, or (2) maintain a unitized area or any portion thereof in force and effect, or (3) earn an interest in and to oil and/or gas and other minerals which may be owned by any third party or preserve any rights to such interest which, failing such operation, would revert to a third party, or (4) comply with an order issued by a regulatory body having jurisdiction over the premises, failing which certain rights would terminate within such period, any such operation shall be a "Required Operation".

2. Should fewer than all the parties hereto elect to participate and pay their proportionate part of the costs to be incurred in a Required Operation, any party or parties desiring to participate shall have the right to do so in the manner provided elsewhere herein, at their sole cost, risk and expense.

3. Promptly following the conclusion of a Required Operation, each party not participating in said Required Operation shall deliver to the party or parties participating in said Required Operation an assignment of all of the right, title and interest of said non-participating party in that portion of the leases and/or other rights and interest which are maintained, perpetuated or earned as a result of said Required Operation. The right, title and interest assigned and conveyed shall be shared by the participating parties in the proportion that the interest of each bears to the total interest of all the participating parties. Such assignment shall be executed and delivered within thirty (30) days of the conclusion of such Required Operation by each party not electing to participate and shall be in a form acceptable to the participating party or parties, free and clear of any overriding royalty interest, production payments, mortgages, liens or other encumbrances placed thereupon or arising out of the assigning party's ownership and operations subsequent to the date of this Operating Agreement, but otherwise without warranty of title, either express or implied. The leases, rights and interests in which an interest is assigned pursuant to the terms hereof shall no longer be subject to this Operating Agreement, but said leases, rights and interests shall be solely subject to a separate operating agreement which accurately reflects the interests of the party or parties in the Required Operation, and which is otherwise identical to this Operating Agreement. The written notice and/or AFEs covering Required Operations to be sent to the parties for their election to participate therein as provided in Article VI.B.1. will be clearly marked or identified as a proposal for a Required Operation.

O. ASSIGNMENTS

1. Any Assignments made as a result of forfeiture of interest, or as a result of Article VI. and/or Article XVI.D, E and F shall be free of any overriding royalty interests, net profit interests, burdens on production or any other burdens or encumbrances.

2. Subject to the provisions of Article VIII D., any party may sell or assign all or any portion of its interest in the Oil and Gas Leases, Oil and Gas Interests, wells, equipment and production within the Contract Area covered by this agreement to one or more third parties without the consent of any other party hereto, provided that such sale or assignment shall be made subject to the provisions of this Operating Agreement and the Participation Agreement and the third party assignee or assignees agree to assume allfuture obligations hereunder. Such sale or assignment shall not be binding upon the other parties to this agreement until Operator is furnished with a copy of the legal instrument evidencing such conveyance. Once a party assigns an interest in the Contract Area to one or more third parties and the Operator has been furnished with notice of such assignment as provided for herein, the assigning party shall have no further liability or obligations under this agreement with respect to the interest so assigned except for those outstanding liabilities or obligations due and owing to another party to this agreement for time periods prior to the effective date of the assignment.

3. In addition, the following language shall be added to any assignment or conveyance from any parties:

"This assignment is made subject to, and Assignee agrees to assume its proportionate share of all obligations and liabilities arising under the terms of that certain Operating Agreement dated _____, naming _____as Operator. Assignee expressly assumes responsibility for, and agrees to pay, perform, fulfill and discharge its proportionate share of all claims, costs, expenses, liabilities and obligations accruing or relating to, the ownership, operation, maintenance, exploration, production, or development of the Leases, wells and equipment assigned herein, as to all periods on or after the effective date of this assignment, including, without limitation, all environmental claims. Without limiting the generality of any of the foregoing, Assignee accepts responsibility for and agrees to pay its proportionate share of all costs and expenses associated with plugging and abandonment of the wells assigned herein, together with surface restoration required under applicable law, the Leases or any other contracts assigned hereunder (the obligations and liabilities described herein are referred to as the Assumed Obligations.

ASSIGNEE SHALL DEFEND, INDEMNIFY, RELEASE AND HOLD HARMLESS ASSIGNOR, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS ("ASSIGNOR INDEMNIFIED PARTIES") AGAINST ALL LOSSES, DAMAGES, CLAIMS, DEMANDS, SUITS, COSTS, EXPENSES, LIABILITIES AND SANCTIONS OF EVERY KIND AND CHARACTER, INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEYS' FEES, COURT COSTS AND COSTS OF INVESTIGATION, WHICH ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE ASSUMED OBLIGATIONS DESCRIBED HEREIN."

P. RESERVE ACCOUNT FOR PLUGGING OPERATIONS

In order to have sufficient funds on hand to meet plugging obligations, the Operator may charge the joint account, over the life of any well(s) on the Contract Area, for estimated costs to plug and abandon said wells (including the costs to cleanup the location and restore the surface are of lease used in oil and gas operations) (referred to herein as "Amortized P&A Charges"). These Amortized P&A Charges may not exceed twenty thousand dollars ($20,000.00) per well. The intent of this covenant is to allow Operator, in the latter stages of the economic life of a well and/or lease, to have available funds on account to conduct P&A operations in accordance with actual Railroad Commission (or

environmental agency) regulations and lease requirements. Each party shall pay its proportionate share of the costs of plugging and abandonment above the Amortized P&A Charges.

Q. ADDITIONAL SECURITY PROVISIONS

1. SECURITY INTEREST

The lien and security interest granted by each Non-Operators and by Operator to the Non-Operator under Article VII.B shall extend not only to such Party's rights, title and interests in the Contract Area(s) (which for greater certainty shall include all of each Party's leasehold interest and leasehold estate in the Contract Area(s)), the oil and/or gas when extracted and equipment (as mentioned in said Article) but also to all accounts, contract rights, extracted oil and gas and said equipment or which are otherwise owned or held by any such party in the Contract Area(s). Further, the lien and security interest of said Party shall extend to all proceeds and products of all of the property and collateral described in this paragraph and in Article VII.B as being subject to said lien and security interest.

2. LIEN ON UNEXTRACTED HYDROCARBONS

In addition to the liens and security interests as provided in Article VII.B., each party to this Agreement, to secure payment of its share of expenses incurred under this Operating Agreement, grants to the other party a lien on all of its right, title and interest now owned or hereafter acquired in the Contract Area including, but not limited to, the oil and gas leases, mineral estates and other mineral interests subject to this Operator Agreement and any properties now or hereafter pooled or unitized with any of the properties affected by such mineral interests; and all unsevered and unextracted oil, gas and other hydrocarbons that may be produced, obtained or secured from the lands covered and affected by such mineral interests such lien shall be perfected by rewording in the Real Property Records of the county in which the acreage within the Contract Area exists, Memorandum in the same form as the Exhibit "H" attached hereto.

3. CONTRACTUAL RIGHT OF OFFSET

a. In addition to the rights and remedies afforded to Operator pursuant to the terms of Article VII.D., or at law or in equity, it is understood and agreed that each defaulting party grants to the Operator a contractual right of offset in and to all money, production, proceeds from the sale of production and property of every kind or character of such defaulting party, now or at any time hereunder coming within Operator's custody or control, wheresoever located whether or not subject to the terms of this Agreement or any other agreement between Operator and defaulting party. Operator, may, at its election, at any time and from time to time, reduce (or eliminate, as the case may be) any debt owing to it by any defaulting party by applying such defaulting party's money, proceeds or property in the custody or control of Operator to the balance owned on such debt and giving such defaulting party appropriate credit therefore. Any such amounts so applied shall first be applied to any past due interest, if any, then to any costs, including attorney's fees, incurred by Operator in the collection of the proceeds or property, and then to the underlying debt. It is agreed and understood that Operator's contractual right of offset shall extend to and include all proceeds of production attributable to the defaulting party from any wells in which the defaulting party owns an interest.

b. The lien and security interest granted by each Non-Operators and by Operator to the Non-Operator under Article VII.B shall extend not only to such party's rights, title and interests in the Contract Area(s) (which for greater certainty shall include all of each Party's leasehold interest and leasehold estate in the Contract Area(s)), the oil and/or gas when extracted and equipment (as mentioned in said Article) but also to all accounts, contract rights, extracted oil and gas and said equipment or which are otherwise owned or held by any such party in the Contract Area(s). Further, the lien and security interest of said Party shall extend to all proceeds and products of all of the property and collateral described in this paragraph and in Article VII.B as being subject to said lien and security interest.

4. RIGHT OF EXECUTORY FORECLOSURE

In addition to all rights and remedies afforded Operator under Article VII.B., in the event any debt owing by the defaulting party to Operator shall exceed any money, proceeds of sale of production, or property of such defaulting party as provided in the contractual right of offset as provided in Paragraph Q.3 above, the Operator may elect to proceed and foreclose the lien of Operator against the interest of any defaulting party in accordance with the laws of the State of Idaho. Non-Operator hereby delegates Operator as its agent and attorney in fact to execute any and all documents reasonably necessary to carry out an executory foreclosure pursuant the laws of the State of Idaho.

R. EQUAL OPPORTUNITY EMPLOYER

All of the Parties are Equal Opportunity Employers. To the extent that this Agreement may be subject to Executive Order 11246, as amended, the equal opportunity provision (41 CFR 60-1) is incorporated herein by reference. To the extent required by applicable Laws and regulations, this Agreement also includes and is subject to the affirmative actions clause concerning disabled veterans of the Vietnam era (41 CFR 60-250) and the affirmative action clauses concerning employment of the handicapped (41 CFR 60-741), which clauses are incorporated herein by reference.

S. AUDIT

Notwithstanding anything to the contrary contained in the Accounting Procedure, upon receipt of any audit report conducted on the Joint Account by Non-Operator, Operator shall have sixty (60) days within which to respond in writing to such audit report.

T. WELL CONTROL INSURANCE

The interest of each party hereto shall be included in Operator's Control of Well Insurance policy and a proportionate part of the cost of such insurance shall be borne by the respective parties unless Operator is notified otherwise in writing and provided a Certificate of Insurance in compliance with Exhibit "D", which is attached hereto, prior to commencement of operations or prior to any operation to be performed on a well in accordance with attached Exhibit "D".

U. TRANSITION OF OPERATOR

Upon the selection of the successor operator, the Operator who has been removed or has resigned shall promptly deliver to the successor operator all original records relating to operations on the contract area, including current accounting information with regard to the status of the joint account, information concerning all invoices not yet paid by the Operator who has resigned or been removed, all logs, maps and all other information concerning operations. Duplicating expenses required by virtue of the change of operator shall be charged to the joint account.

V. GAS MARKETING BY OPERATOR

If any party fails to make the arrangements necessary to take in kind or separately dispose of its proportionate share of Gas produced from the Contract Area, Operator shall have the right, but not the obligation, to purchase such Gas or sell it to others at any time and from time to time, for the account of the non-taking party at the same price obtained for Operator's share of Gas production under an arms length, third party, purchase or sales contract. Any such purchase or sale by Operator may be terminated by Operator with a thirty (30) day prior written notice to the owner of such Gas production. The owner of such Gas production shall, with a thirty (30) day prior written notice to Operator, have the right at any time to exercise its right to take in kind, or separately dispose of, its share of Gas production, provided, however, that such Gas production is not committed under a gas sales, transportation or marketing contract. Any purchase or sale by Operator of any party's share of Gas under a gas sales, transportation or marketing contract shall be only for such reasonable periods of time as are consistent with gas sales, transportation or marketing contracts for similar gas produced in the vicinity of the Contract Area.

W. HEADINGS

The Article and Paragraph headings used in this Agreement are inserted for convenience only and shall be disregarded in interpreting or construing this Agreement.

X. BINDING

This Agreement will be binding and will inure to the benefit of the Parties, their respective heirs, representatives, successors and assigns.

Y. COUNTERPARTS

This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. A facsimile, telegraphic or any other form of authenticated electronic signature shall be effective in all respects as an original signature. Failure of any party to execute this Operating Agreement shall not render this Operating Agreement ineffective as to and between the other parties executing that executing this Operating Agreement.

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____ _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

EXHIBIT "A' TO BE COMPLETED AT A LATER DATE

EXHIBIT "B"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the ____ day of _____ _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

Reporting Requirements

On any well drilled within the Contract Area, Operator shall deliver to Non-Operators the following geological information:

_____

WELL REQUIREMENTS

PROSPECT:
COUNTY & STATE:

WELL DATA REQUIRMENTS

DAILY REPORTS

Daily drilling and completion reports by e-mail:

1) _____
2) _____

Or if necessary by fax: _____

NOTIFICATION OF LOGGING, DRILL STEM TEST, DRILLING COMPLETION AND ABANDONMENT (24 HOUR NOTICE)

PERSON TO CONTACT	**OFFICE PHONE**	**CELL PHONE**
_____	_____	_____
_____	_____	_____

DATA DISTRIBUTION

SEND TO: _____

_____

_____

_____

GENERAL PROCEDURES

_____ (__) **Copy/Copies of Each of the Following:**

1. Complete Drilling Program
2. Cement Program
3. Typed Copy of Well History
4. Directional Surveys

OPEN HOLE EVALUATION DATA

_____ (__) **Field Prints,** _____ (__) **Final Prints and** _____ (__) **Digital Print of Each of the Following:**

1. All Open Hole Logs
2. Mud Logs
3. Core Analysis
4. Formation Test

OPEN HOLE EVALUATION DATA (CONT.)

5. Directional Surveys
6. Case Hole Logs
7. Drill Stem or Wire Line Tests
8. Cement Bond Logs

CASED HOLE AND COMPLETION DATA

_____ (__) Field Prints, _____ (__) Final Prints and _____ (__) Digital Print of Each of the Following:

1. Detailed Copy of Completion and/or Workover Procedures
2. Perforating, Wellbore and/or Reservoir Evaluation Logs
3. BHP Data

CONTRACT, ELECTION, REGULATORY AND TITLE DATA

SEND TO: _____

_____

_____

_____

_____ (__) Copy/Copies of Each of the Following:

1. Drilling Contract
2. AFE
3. Elections
4. Location Plat
5. All Regulatory Permits, Applications and Forms
6. Monthly Production Reports (P-1's, P-2's etc.)
7. Copy of Weekly or Monthly Gauge Reports

End of Exhibit "B"

EXHIBIT " C "
ACCOUNTING PROCEDURE
JOINT OPERATIONS

Attached to and made part of ___that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the ____day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

I. GENERAL PROVISIONS

IF THE PARTIES FAIL TO SELECT EITHER ONE OF COMPETING "ALTERNATIVE" PROVISIONS, OR SELECT ALL THE COMPETING "ALTERNATIVE" PROVISIONS, ALTERNATIVE 1 IN EACH SUCH INSTANCE SHALL BE DEEMED TO HAVE BEEN ADOPTED BY THE PARTIES AS A RESULT OF ANY SUCH OMISSION OR DUPLICATE NOTATION.

IN THE EVENT THAT ANY "OPTIONAL" PROVISION OF THIS ACCOUNTING PROCEDURE IS NOT ADOPTED BY THE PARTIES TO THE AGREEMENT BY A TYPED, PRINTED OR HANDWRITTEN INDICATION, SUCH PROVISION SHALL NOT FORM A PART OF THIS ACCOUNTING PROCEDURE, AND NO INFERENCE SHALL BE MADE CONCERNING THE INTENT OF THE PARTIES IN SUCH EVENT.

1. DEFINITIONS

All terms used in this Accounting Procedure shall have the following meaning, unless otherwise expressly defined in the Agreement:

"Affiliate" means for a person, another person that controls, is controlled by, or is under common control with that person. In this definition, (a) control means the ownership by one person, directly or indirectly, of more than fifty percent (50%) of the voting securities of a corporation or, for other persons, the equivalent ownership interest (such as partnership interests), and (b) "person" means an individual, corporation, partnership, trust, estate, unincorporated organization, association, or other legal entity.

"Agreement" means the operating agreement, farmout agreement, or other contract between the Parties to which this Accounting Procedure is attached.

"Controllable Material" means Material that, at the time of acquisition or disposition by the Joint Account, as applicable, is so classified in the Material Classification Manual most recently recommended by the Council of Petroleum Accountants Societies (COPAS).

"Equalized Freight" means the procedure of charging transportation cost to the Joint Account based upon the distance from the nearest Railway Receiving Point to the property.

"Excluded Amount" means a specified excluded trucking amount most recently recommended by COPAS.

"Field Office" means a structure, or portion of a structure, whether a temporary or permanent installation, the primary function of which is to directly serve daily operation and maintenance activities of the Joint Property and which serves as a staging area for directly chargeable field personnel.

"First Level Supervision" means those employees whose primary function in Joint Operations is the direct oversight of the Operator's field employees and/or contract labor directly employed On-site in a field operating capacity. First Level Supervision functions may include, but are not limited to:

- Responsibility for field employees and contract labor engaged in activities that can include field operations, maintenance, construction, well remedial work, equipment movement and drilling
- Responsibility for day-to-day direct oversight of rig operations
- Responsibility for day-to-day direct oversight of construction operations
- Coordination of job priorities and approval of work procedures
- Responsibility for optimal resource utilization (equipment, Materials, personnel)
- Responsibility for meeting production and field operating expense targets
- Representation of the Parties in local matters involving community, vendors, regulatory agents and landowners, as an incidental part of the supervisor's operating responsibilities
- Responsibility for all emergency responses with field staff
- Responsibility for implementing safety and environmental practices
- Responsibility for field adherence to company policy
- Responsibility for employment decisions and performance appraisals for field personnel
- Oversight of sub-groups for field functions such as electrical, safety, environmental, telecommunications, which may have group or team leaders.

"Joint Account" means the account showing the charges paid and credits received in the conduct of the Joint Operations that are to be shared by the Parties, but does not include proceeds attributable to hydrocarbons and by-products produced under the Agreement.

"Joint Operations" means all operations necessary or proper for the exploration, appraisal, development, production, protection, maintenance, repair, abandonment, and restoration of the Joint Property.

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"Joint Property" means the real and personal property subject to the Agreement.

"Laws" means any laws, rules, regulations, decrees, and orders of the United States of America or any state thereof and all other governmental bodies, agencies, and other authorities having jurisdiction over or affecting the provisions contained in or the transactions contemplated by the Agreement or the Parties and their operations, whether such laws now exist or are hereafter amended, enacted, promulgated or issued.

"Material" means personal property, equipment, supplies, or consumables acquired or held for use by the Joint Property.

"Non-Operators" means the Parties to the Agreement other than the Operator.

"Offshore Facilities" means platforms, surface and subsea development and production systems, and other support systems such as oil and gas handling facilities, living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking installations, communication facilities, navigation aids, and other similar facilities necessary in the conduct of offshore operations, all of which are located offshore.

"Off-site" means any location that is not considered On-site as defined in this Accounting Procedure.

"On-site" means on the Joint Property when in direct conduct of Joint Operations. The term "On-site" shall also include that portion of Offshore Facilities, Shore Base Facilities, fabrication yards, and staging areas from which Joint Operations are conducted, or other facilities that directly control equipment on the Joint Property, regardless of whether such facilities are owned by the Joint Account.

"Operator" means the Party designated pursuant to the Agreement to conduct the Joint Operations.

"Parties" means legal entities signatory to the Agreement or their successors and assigns. Parties shall be referred to individually as "Party."

"Participating Interest" means the percentage of the costs and risks of conducting an operation under the Agreement that a Party agrees, or is otherwise obligated, to pay and bear.

"Participating Party" means a Party that approves a proposed operation or otherwise agrees, or becomes liable, to pay and bear a share of the costs and risks of conducting an operation under the Agreement.

"Personal Expenses" means reimbursed costs for travel and temporary living expenses.

"Railway Receiving Point" means the railhead nearest the Joint Property for which freight rates are published, even though an actual railhead may not exist.

"Shore Base Facilities" means onshore support facilities that during Joint Operations provide such services to the Joint Property as a receiving and transshipment point for Materials; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; and other associated functions serving the Joint Property.

"Supply Store" means a recognized source or common stock point for a given Material item.

"Technical Services" means services providing specific engineering, geoscience, or other professional skills, such as those performed by engineers, geologists, geophysicists, and technicians, required to handle specific operating conditions and problems for the benefit of Joint Operations; provided, however, Technical Services shall not include those functions specifically identified as overhead under the second paragraph of the introduction of Section III (*Overhead*). Technical Services may be provided by the Operator, Operator's Affiliate, Non-Operator, Non-Operator Affiliates, and/or third parties.

2. STATEMENTS AND BILLINGS

The Operator shall bill Non-Operators on or before the last day of the month for their proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements that identify the AFE (authority for expenditure), lease or facility, and all charges and credits summarized by appropriate categories of investment and expense. Controllable Material shall be separately identified and fully described in detail, or at the Operator's option, Controllable Material may be summarized by major Material classifications. Intangible drilling costs, audit adjustments, and unusual charges and credits shall be separately and clearly identified.

The Operator may make available to Non-Operators any statements and bills required under Section I.2 and/or Section I.3.A (*Advances and Payments by the Parties*) via email, electronic data interchange, internet websites or other equivalent electronic media in lieu of paper copies. The Operator shall provide the Non-Operators instructions and any necessary information to access and receive the statements and bills within the timeframes specified herein. A statement or billing shall be deemed as delivered twenty-four (24) hours (exclusive of weekends and holidays) after the Operator notifies the Non-Operator that the statement or billing is available on the website and/or sent via email or electronic data interchange transmission. Each Non-Operator individually shall elect to receive statements and billings electronically, if available from the Operator, or request paper copies. Such election may be changed upon thirty (30) days prior written notice to the Operator.

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3. ADVANCES AND PAYMENTS BY THE PARTIES

A. Unless otherwise provided for in the Agreement, the Operator may require the Non-Operators to advance their share of the estimated cash outlay for the succeeding month's operations within fifteen (15) days after receipt of the advance request or by the first day of the month for which the advance is required, whichever is later. The Operator shall adjust each monthly billing to reflect advances received from the Non-Operators for such month. If a refund is due, the Operator shall apply the amount to be refunded to the subsequent month's billing or advance, unless the Non-Operator sends the Operator a written request for a cash refund. The Operator shall remit the refund to the Non-Operator within fifteen (15) days of receipt of such written request.

B. Except as otherwise expressly provided in the Agreement or this COPAS, each Party shall pay its proportionate share of all bills in full within)thirty (30) days of receipt date. If payment is not made within such time, the unpaid balance shall bear interest compounded monthly at the prime rate published by the *Wall Street Journal* on the first day of each month the payment is delinquent, plus three percent (3%), per annum, or the maximum contract rate permitted by the applicable usury Laws governing the Joint Property, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts. If the *Wall Street Journal* ceases to be published or discontinues publishing a prime rate, the unpaid balance shall bear interest compounded monthly at the prime rate published by the Federal Reserve plus three percent (3%), per annum. Interest shall begin accruing on the first day of the month in which the payment was due. Payment shall not be reduced or delayed as a result of inquiries or anticipated credits unless the Operator has agreed. Notwithstanding the foregoing, the Non-Operator may reduce payment, provided it furnishes documentation and explanation to the Operator at the time payment is made, to the extent such reduction is caused by:

(1) being billed at an incorrect working interest or Participating Interest that is higher than such Non-Operator's actual working interest or Participating Interest, as applicable; or
(2) being billed for a project or AFE requiring approval of the Parties under the Agreement that the Non-Operator has not approved or is not otherwise obligated to pay under the Agreement; or
(3) being billed for a property in which the Non-Operator no longer owns a working interest, provided the Non-Operator has furnished the Operator a copy of the recorded assignment or letter in-lieu. Notwithstanding the foregoing, the Non-Operator shall remain responsible for paying bills attributable to the interest it sold or transferred for any bills rendered during the thirty (30) day period following the Operator's receipt of such written notice; or
(4) charges outside the adjustment period, as provided in Section I.4 (*Adjustments*).

4. ADJUSTMENTS

A. Payment of any such bills shall not prejudice the right of any Party to protest or question the correctness thereof; however, all bills and statements, including payout statements, rendered during any calendar year shall conclusively be presumed to be true and correct, with respect only to expenditures, after twenty-four (24) months following the end of any such calendar year, unless within said period a Party takes specific detailed written exception thereto making a claim for adjustment. The Operator shall provide a response to all written exceptions, whether or not contained in an audit report, within the time periods prescribed in Section I.5 (*Expenditure Audits*).

B. All adjustments initiated by the Operator, except those described in items (1) through (4) of this Section I.4.B, are limited to the twenty-four (24) month period following the end of the calendar year in which the original charge appeared or should have appeared on the Operator's Joint Account statement or payout statement. Adjustments that may be made beyond the twenty-four (24) month period are limited to adjustments resulting from the following:

(1) a physical inventory of Controllable Material as provided for in Section V (*Inventories of Controllable Material*), or
(2) an offsetting entry (whether in whole or in part) that is the direct result of a specific joint interest audit exception granted by the Operator relating to another property, or
(3) a government/regulatory audit, or
(4) a working interest ownership or Participating Interest adjustment.

5. EXPENDITURE AUDITS

A. A Non-Operator, upon written notice to the Operator and all other Non-Operators, shall have the right to audit the Operator's accounts and records relating to the Joint Account within the twenty-four (24) month period following the end of such calendar year in which such bill was rendered; however, conducting an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Section I.4 (*Adjustments*). Any Party that is subject to payout accounting under the Agreement shall have the right to audit the accounts and records of the Party responsible for preparing the payout statements, or of the Party furnishing information to the Party responsible for preparing payout statements. Audits of payout accounts may include the volumes of hydrocarbons produced and saved and proceeds received for such hydrocarbons as they pertain to payout accounting required under the Agreement. Unless otherwise provided in the Agreement, audits of a payout account shall be conducted within the twenty-four (24) month period following the end of the calendar year in which the payout statement was rendered.

Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner that will result in a minimum of inconvenience to the Operator. The Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of the Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of

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those Non-Operators approving such audit.

The Non-Operator leading the audit (hereinafter "lead audit company") shall issue the audit report within ninety (90) days after completion of the audit testing and analysis; however, the ninety (90) day time period shall not extend the twenty-four (24) month requirement for taking specific detailed written exception as required in Section I.4.A (*Adjustments*) above. All claims shall be supported with sufficient documentation.

A timely filed written exception or audit report containing written exceptions (hereinafter "written exceptions") shall, with respect to the claims made therein, preclude the Operator from asserting a statute of limitations defense against such claims, and the Operator hereby waives its right to assert any statute of limitations defense against such claims for so long as any Non-Operator continues to comply with the deadlines for resolving exceptions provided in this Accounting Procedure. If the Non-Operators fail to comply with the additional deadlines in Section I.5.B or I.5.C, the Operator's waiver of its rights to assert a statute of limitations defense against the claims brought by the Non-Operators shall lapse, and such claims shall then be subject to the applicable statute of limitations, provided that such waiver shall not lapse in the event that the Operator has failed to comply with the deadlines in Section I.5.B or I.5.C.

B. The Operator shall provide a written response to all exceptions in an audit report within one hundred eighty (180) days after Operator receives such report. Denied exceptions should be accompanied by a substantive response. If the Operator fails to provide substantive response to an exception within this one hundred eighty (180) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

C. The lead audit company shall reply to the Operator's response to an audit report within ninety (90) days of receipt, and the Operator shall reply to the lead audit company's follow-up response within ninety (90) days of receipt; provided, however, each Non-Operator shall have the right to represent itself if it disagrees with the lead audit company's position or believes the lead audit company is not adequately fulfilling its duties. Unless otherwise provided for in Section I.5.E, if the Operator fails to provide substantive response to an exception within this ninety (90) day period, the Operator will owe interest on that exception or portion thereof, if ultimately granted, from the date it received the audit report. Interest shall be calculated using the rate set forth in Section I.3.B (*Advances and Payments by the Parties*).

D. If any Party fails to meet the deadlines in Sections I.5.B or I.5.C or if any audit issues are outstanding fifteen (15) months after Operator receives the audit report, the Operator or any Non-Operator participating in the audit has the right to call a resolution meeting, as set forth in this Section I.5.D or it may invoke the dispute resolution procedures included in the Agreement, if applicable. The meeting will require one month's written notice to the Operator and all Non-Operators participating in the audit. The meeting shall be held at the Operator's office or mutually agreed location, and shall be attended by representatives of the Parties with authority to resolve such outstanding issues. Any Party who fails to attend the resolution meeting shall be bound by any resolution reached at the meeting. The lead audit company will make good faith efforts to coordinate the response and positions of the Non-Operator participants throughout the resolution process; however, each Non-Operator shall have the right to represent itself. Attendees will make good faith efforts to resolve outstanding issues, and each Party will be required to present substantive information supporting its position. A resolution meeting may be held as often as agreed to by the Parties. Issues unresolved at one meeting may be discussed at subsequent meetings until each such issue is resolved.

If the Agreement contains no dispute resolution procedures and the audit issues cannot be resolved by negotiation, the dispute shall be submitted to mediation. In such event, promptly following one Party's written request for mediation, the Parties to the dispute shall choose a mutually acceptable mediator and share the costs of mediation services equally. The Parties shall each have present at the mediation at least one individual who has the authority to settle the dispute. The Parties shall make reasonable efforts to ensure that the mediation commences within sixty (60) days of the date of the mediation request. Notwithstanding the above, any Party may file a lawsuit or complaint (1) if the Parties are unable after reasonable efforts, to commence mediation within sixty (60) days of the date of the mediation request, (2) for statute of limitations reasons, or (3) to seek a preliminary injunction or other provisional judicial relief, if in its sole judgment an injunction or other provisional relief is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties shall continue to try to resolve the dispute by mediation.

6. APPROVAL BY PARTIES

A. GENERAL MATTERS

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other Sections of this Accounting Procedure and if the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the

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Operator shall notify all Non-Operators of the Operator's proposal and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

This Section I.6.A applies to specific situations of limited duration where a Party proposes to change the accounting for charges from that prescribed in this Accounting Procedure. This provision does not apply to amendments to this Accounting Procedure, which are covered by Section I.6.B.

B. AMENDMENTS

If the Agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, this Accounting Procedure can be amended by an affirmative vote of Two (2) or more Parties, one of which is the Operator, having a combined working interest of at least Sixty percent (60.0 %), which approval shall be binding on all Parties, provided, however, approval of at least one (1) Non-Operator shall be required.

C. AFFILIATES

For the purpose of administering the voting procedures of Sections I.6.A and I.6.B, if Parties to this Agreement are Affiliates of each other, then such Affiliates shall be combined and treated as a single Party having the combined working interest or Participating Interest of such Affiliates.

For the purposes of administering the voting procedures in Section I.6.A, if a Non-Operator is an Affiliate of the Operator, votes under Section I.6.A shall require the majority in interest of the Non-Operator(s) after excluding the interest of the Operator's Affiliate.

II. DIRECT CHARGES

The Operator shall charge the Joint Account with the following items:

1. RENTALS AND ROYALTIES

Lease rentals and royalties paid by the Operator, on behalf of all Parties, for the Joint Operations.

2. LABOR

A. Salaries and wages for:

(1) Operator's field employees directly employed On-site in the conduct of Joint Operations,

(2) Operator's employees directly employed on Shore Base Facilities, Offshore Facilities, or other facilities serving the Joint Property if such costs are not charged under Section II.6 (*Equipment and Facilities Furnished by Operator*) or are not a function covered under Section III (*Overhead*),

(3) Operator's employees providing First Level Supervision,

(4) Operator's employees providing On-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*),

(5) Operator's employees providing Off-site Technical Services for the Joint Property if such charges are excluded from the overhead rates in Section III (*Overhead*).

Charges for the Operator's employees identified in Section II.2.A may be made based on the employee's actual salaries and wages, or in lieu thereof, a day rate representing the Operator's average salaries and wages of the employee's specific job category.

Charges for personnel chargeable under this Section II.2.A who are foreign nationals shall not exceed comparable compensation paid to an equivalent U.S. employee pursuant to this Section II.2, unless otherwise approved by the Parties pursuant to Section I.6.A (*General Matters*).

B. Operator's cost of holiday, vacation, sickness, and disability benefits, and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Section II.2.A, excluding severance payments or other termination allowances. Such costs under this Section II.2.B may be charged on a "when and as-paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Section II.2.A. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority that are applicable to costs chargeable to the Joint Account under Sections II.2.A and B.

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D. Personal Expenses of personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A when the expenses are incurred in connection with directly chargeable activities.

E. Reasonable relocation costs incurred in transferring to the Joint Property personnel whose salaries and wages are chargeable to the Joint Account under Section II.2.A. Notwithstanding the foregoing, relocation costs that result from reorganization or merger of a Party, or that are for the primary benefit of the Operator, shall not be chargeable to the Joint Account. Extraordinary relocation costs, such as those incurred as a result of transfers from remote locations, such as Alaska or overseas, shall not be charged to the Joint Account unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

F. Training costs for personnel whose salaries and wages are chargeable under Section II.2.A. This training charge shall include the wages, salaries, training course cost, and Personal Expenses incurred during the training session. The training cost shall be charged or allocated to the property or properties directly benefiting from the training. The cost of the training course shall not exceed prevailing commercial rates, where such rates are available.

G. Operator's current cost of established plans for employee benefits applicable to the Operator's labor costs chargeable to the Joint Account under Sections II.2.A and B based on the Operator's actual cost not to exceed the employee benefits limitation percentage most recently recommended by COPAS.

H. Award payments to employeesfor personnel whose salaries and wages are chargeable under Section II.2.A.

3. MATERIAL

Material purchased or furnished by the Operator for use on the Joint Property in the conduct of Joint Operations as provided under Section IV (Material *Purchases, Transfers, and Dispositions*). Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use or is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

4. TRANSPORTATION

A. Transportation of the Operator's, Operator's Affiliate's, or contractor's personnel necessary for Joint Operations.

B. Transportation of Material between the Joint Property and another property, or from the Operator's warehouse or other storage point to the Joint Property, shall be charged to the receiving property using one of the methods listed below. Transportation of Material from the Joint Property to the Operator's warehouse or other storage point shall be paid for by the Joint Property using one of the methods listed below:

(1) If the actual trucking charge is less than or equal to the Excluded Amount the Operator may charge actual trucking cost or a theoretical charge from the Railway Receiving Point to the Joint Property. The basis for the theoretical charge is the per hundred weight charge plus fuel surcharges from the Railway Receiving Point to the Joint Property. The Operator shall consistently apply the selected alternative.

(2) If the actual trucking charge is greater than the Excluded Amount, the Operator shall charge Equalized Freight. Accessorial charges such as loading and unloading costs, split pick-up costs, detention, call out charges, and permit fees shall be charged directly to the Joint Property and shall not be included when calculating the Equalized Freight.

5. SERVICES

The cost of contract services, equipment, and utilities used in the conduct of Joint Operations, except for contract services, equipment, and utilities covered by Section III (*Overhead*), or Section II.7 (*Affiliates*), or excluded under Section II.9 (*Legal Expense*). Awards paid to contractors shall be chargeable.

The costs of third party Technical Services are chargeable to the extent excluded from the overhead rates under Section III (*Overhead*).

6. EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR

In the absence of a separately negotiated agreement, equipment and facilities furnished by the Operator will be charged as follows:

A. The Operator shall charge the Joint Account for use of Operator-owned equipment and facilities, including but not limited to production facilities, Shore Base Facilities, Offshore Facilities, and Field Offices, at rates commensurate with the costs of ownership and operation. The cost of Field Offices shall be chargeable to the extent the Field Offices provide direct service to personnel who are chargeable pursuant to Section II.2.A (*Labor*). Such rates may include labor, maintenance, repairs, other operating expense, insurance, taxes, depreciation using straight line depreciation method, and interest on gross investment less accumulated depreciation not to exceed _____Ten_____ percent (____10____%) per annum; provided, however, depreciation shall not be charged when the

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equipment and facilities investment have been fully depreciated. The rate may include an element of the estimated cost for abandonment, reclamation, and dismantlement. Such rates shall not exceed the average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Section II.6.A above, the Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property. If equipment and facilities are charged under this Section II.6.B, the Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation. For automotive equipment, the Operator may elect to use rates published by the Petroleum Motor Transport Association (PMTA) or such other organization recognized by COPAS as the official source of rates.

7. AFFILIATES

A. Charges for an Affiliate's goods and/or services used in operations requiring an AFE or other authorization from the Non-Operators may be made without the approval of the Parties provided (i) the Affiliate is identified and the Affiliate goods and services are specifically detailed in the approved AFE or other authorization, and (ii) the total costs for such Affiliate's goods and services billed to such individual project do not exceed $ 10,000.00 If the total costs for an Affiliate's goods and services charged to such individual project are not specifically detailed in the approved AFE or authorization or exceed such amount, charges for such Affiliate shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

B. For an Affiliate's goods and/or services used in operations not requiring an AFE or other authorization from the Non-Operators, charges for such Affiliate's goods and services shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*), if the charges exceed $ 25,000.00 in a given calendar year.

C. The cost of the Affiliate's goods or services shall not exceed average commercial rates prevailing in the area of the Joint Property, unless the Operator obtains the Non-Operators' approval of such rates. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation; provided, however, documentation of commercial rates shall not be required if the Operator obtains Non-Operator approval of its Affiliate's rates or charges prior to billing Non-Operators for such Affiliate's goods and services. Notwithstanding the foregoing, direct charges for Affiliate-owned communication facilities or systems shall be made pursuant to Section II.12 (*Communications*).

If the Parties fail to designate an amount in Sections II.7.A or II.7.B, in each instance the amount deemed adopted by the Parties as a result of such omission shall be the amount established as the Operator's expenditure limitation in the Agreement. If the Agreement does not contain an Operator's expenditure limitation, the amount deemed adopted by the Parties as a result of such omission shall be zero dollars ($ 0.00).

8. DAMAGES AND LOSSES TO JOINT PROPERTY

All costs or expenses necessary for the repair or replacement of Joint Property resulting from damages or losses incurred, except to the extent such damages or losses result from a Party's or Parties' gross negligence or willful misconduct, in which case such Party or Parties shall be solely liable.

The Operator shall furnish the Non-Operator written notice of damages or losses incurred as soon as practicable after a report has been received by the Operator.

9. LEGAL EXPENSE

Recording fees and costs of handling, settling, or otherwise discharging litigation, claims, and liens incurred in or resulting from operations under the Agreement, or necessary to protect or recover the Joint Property, to the extent permitted under the Agreement. Costs of the Operator's or Affiliate's legal staff or outside attorneys, including fees and expenses, are not chargeable unless approved by the Parties pursuant to Section I.6.A (*General Matters*) or otherwise provided for in the Agreement.

Notwithstanding the foregoing paragraph, costs for procuring abstracts, fees paid to outside attorneys for title examinations (including preliminary, supplemental, shut-in royalty opinions, division order title opinions), and curative work shall be chargeable to the extent permitted as a direct charge in the Agreement.

10. TAXES AND PERMITS

All taxes and permitting fees of every kind and nature, assessed or levied upon or in connection with the Joint Property, or the production therefrom, and which have been paid by the Operator for the benefit of the Parties, including penalties and interest, except to the extent the penalties and interest result from the Operator's gross negligence or willful misconduct.

If ad valorem taxes paid by the Operator are based in whole or in part upon separate valuations of each Party's working interest, then notwithstanding any contrary provisions, the charges to the Parties will be made in accordance with the tax value generated by each Party's working interest.

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Costs of tax consultants or advisors, the Operator's employees, or Operator's Affiliate employees in matters regarding ad valorem or other tax matters, are not permitted as direct charges unless approved by the Parties pursuant to Section I.6.A (*General Matters*).

Charges to the Joint Account resulting from sales/use tax audits, including extrapolated amounts and penalties and interest, are permitted, provided the Non-Operator shall be allowed to review the invoices and other underlying source documents which served as the basis for tax charges and to determine that the correct amount of taxes were charged to the Joint Account. If the Non-Operator is not permitted to review such documentation, the sales/use tax amount shall not be directly charged unless the Operator can conclusively document the amount owed by the Joint Account.

11. INSURANCE

Net premiums paid for insurance required to be carried for Joint Operations for the protection of the Parties. If Joint Operations are conducted at locations where the Operator acts as self-insurer in regard to its worker's compensation and employer's liability insurance obligation, the Operator shall charge the Joint Account manual rates for the risk assumed in its self-insurance program as regulated by the jurisdiction governing the Joint Property. In the case of offshore operations in federal waters, the manual rates of the adjacent state shall be used for personnel performing work On-site, and such rates shall be adjusted for offshore operations by the U.S. Longshoreman and Harbor Workers (USL&H) or Jones Act surcharge, as appropriate.

12. COMMUNICATIONS

Costs of acquiring, leasing, installing, operating, repairing, and maintaining communication facilities or systems, including satellite, radio and microwave facilities, between the Joint Property and the Operator's office(s) directly responsible for field operations If the communications facilities or systems serving the Joint Property are Operator-owned, charges to the Joint Account shall be made as provided in Section II.6 (*Equipment and Facilities Furnished by Operator*). If the communication facilities or systems serving the Joint Property are owned by the Operator's Affiliate, charges to the Joint Account shall not exceed average commercial rates prevailing in the area of the Joint Property. The Operator shall adequately document and support commercial rates and shall periodically review and update the rate and the supporting documentation.

13. ECOLOGICAL, ENVIRONMENTAL, AND SAFETY

Costs incurred for Technical Services and drafting to comply with ecological, environmental and safety Laws or standards recommended by Occupational Safety and Health Administration (OSHA) or other regulatory authorities. All other labor and functions incurred for ecological, environmental and safety matters, including management, administration, and permitting, shall be covered by Sections II.2 (*Labor*), II.5 (*Services*), or Section III (*Overhead*), as applicable.

Costs to provide or have available pollution containment and removal equipment plus actual costs of control and cleanup and resulting responsibilities of oil and other spills as well as discharges from permitted outfalls as required by applicable Laws, or other pollution containment and removal equipment deemed appropriate by the Operator for prudent operations, are directly chargeable.

14. ABANDONMENT AND RECLAMATION

Costs incurred for abandonment and reclamation of the Joint Property, including costs required by lease agreements or by Laws.

15. OTHER EXPENDITURES

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II (*Direct Charges*), or in Section III (*Overhead*) and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations. Charges made under this Section II.15 shall require approval of the Parties, pursuant to Section I.6.A (*General Matters*).

III. OVERHEAD

As compensation for costs not specifically identified as chargeable to the Joint Account pursuant to Section II (*Direct Charges*), the Operator shall charge the Joint Account in accordance with this Section III.

Functions included in the overhead rates regardless of whether performed by the Operator, Operator's Affiliates or third parties and regardless of location, shall include, but not be limited to, costs and expenses of:

- warehousing, other than for warehouses that are jointly owned under this Agreement
- design and drafting (except when allowed as a direct charge under Sections II.13, III.1.A(ii), and III.2, Option B)
- inventory costs not chargeable under Section V (*Inventories of Controllable Material*)
- procurement
- administration
- accounting and auditing
- gas dispatching and gas chart integration

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- human resources
- management
- supervision not directly charged under Section II.2 (*Labor*)
- legal services not directly chargeable under Section II.9 (*Legal Expense*)
- taxation, other than those costs identified as directly chargeable under Section II.10 (*Taxes and Permits*)
- preparation and monitoring of permits and certifications; preparing regulatory reports; appearances before or meetings with governmental agencies or other authorities having jurisdiction over the Joint Property, other than On-site inspections; reviewing, interpreting, or submitting comments on or lobbying with respect to Laws or proposed Laws.

Overhead charges shall include the salaries or wages plus applicable payroll burdens, benefits, and Personal Expenses of personnel performing overhead functions, as well as office and other related expenses of overhead functions.

1. OVERHEAD—DRILLING AND PRODUCING OPERATIONS

As compensation for costs incurred but not chargeable under Section II (*Direct Charges*) and not covered by other provisions of this Section III, the Operator shall charge on either:

☑ **(Alternative 1)** Fixed Rate Basis, Section III.1.B.

A. TECHNICAL SERVICES

(i) Except as otherwise provided in Section II.13 (*Ecological Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **On-site** Technical Services, including third party Technical Services:

☑ **(Alternative 1 – Direct)** shall be charged **direct** to the Joint Account.

(ii) Except as otherwise provided in Section II.13 (*Ecological, Environmental, and Safety*) and Section III.2 (*Overhead – Major Construction and Catastrophe*), or by approval of the Parties pursuant to Section I.6.A (*General Matters*), the salaries, wages, related payroll burdens and benefits, and Personal Expenses for **Off-site** Technical Services, including third party Technical Services:

☑ **(Alternative 3 – Drilling Direct)** shall be charged **direct** to the Joint Account, **only** to the extent such Technical Services are directly attributable to drilling, redrilling, deepening, or sidetracking operations, through completion, temporary abandonment, or abandonment if a dry hole. Off-site Technical Services for all other operations, including workover, recompletion, abandonment of producing wells, and the construction or expansion of fixed assets not covered by Section III.2 (*Overhead - Major Construction and Catastrophe*) shall be covered by the overhead rates.

Notwithstanding anything to the contrary in this Section III, Technical Services provided by Operator's Affiliates are subject to limitations set forth in Section II.7 (*Affiliates*). Charges for Technical personnel performing non-technical work shall not be governed by this Section III.1.A, but instead governed by other provisions of this Accounting Procedure relating to the type of work being performed.

B. OVERHEAD—FIXED RATE BASIS

(1) The Operator shall charge the Joint Account at the following rates per month:
Drilling Well Rate per month $ **7,000.00 (prorated for less than a full month of drilling activity) per unit of forty (40) acres or less.
Producing Well Rate per month $ **700.00 per unit of forty (40) acres or less.

(2) Application of Overhead—Drilling Well Rate shall be as follows:

(a) Charges for onshore drilling wells shall begin on the spud date and terminate on the date the drilling and/or completion equipment used on the well is released, whichever occurs later. Charges for offshore and inland waters drilling wells shall begin on the date the drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location, or is released, whichever occurs first. No charge shall be made during suspension of drilling and/or completion operations for fifteen (15) or more consecutive calendar days.

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(b) Charges for any well undergoing any type of workover, recompletion, and/or abandonment for a period of five (5) or more consecutive work-days shall be made at the Drilling Well Rate. Such charges shall be applied for the period from date operations, with rig or other units used in operations, commence through date of rig or other unit release, except that no charges shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(3) Application of Overhead—Producing Well Rate shall be as follows:

(a) An active well that is produced, injected into for recovery or disposal, or used to obtain water supply to support operations for any portion of the month shall be considered as a one-well charge for the entire month.

(b) Each active completion in a multi-completed well shall be considered as a one-well charge provided each completion is considered a separate well by the governing regulatory authority.

(c) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well, unless the Drilling Well Rate applies, as provided in Sections III.1.B.(2)(a) or (b). This one-well charge shall be made whether or not the well has produced.

(d) An active gas well shut in because of overproduction or failure of a purchaser, processor, or transporter to take production shall be considered as a one-well charge provided the gas well is directly connected to a permanent sales outlet.

(e) Any well not meeting the criteria set forth in Sections III.1.B.(3) (a), (b), (c), or (d) shall not qualify for a producing overhead charge.

(4) The well rates shall be adjusted on the first day of April each year following the effective date of the Agreement; provided, however, if this Accounting Procedure is attached to or otherwise governing the payout accounting under a farmout agreement, the rates shall be adjusted on the first day of April each year following the effective date of such farmout agreement. The adjustment shall be computed by applying the adjustment factor most recently published by COPAS. The adjusted rates shall be the initial or amended rates agreed to by the Parties increased or decreased by the adjustment factor described herein, for each year from the effective date of such rates, in accordance with COPAS MFI-47 ("Adjustment of Overhead Rates").

2. OVERHEAD—MAJOR CONSTRUCTION AND CATASTROPHE

To compensate the Operator for overhead costs incurred in connection with a Major Construction project or Catastrophe, the Operator shall either negotiate a rate prior to the beginning of the project, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of the Operator's expenditure limit under the Agreement, or for any Catastrophe regardless of the amount. If the Agreement to which this Accounting Procedure is attached does not contain an expenditure limit, Major Construction Overhead shall be assessed for any single Major Construction project costing in excess of $100,000 gross.

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Major Construction shall mean the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, or in the dismantlement, abandonment, removal, and restoration of platforms, production equipment, and other operating facilities.

Catastrophe is defined as a sudden calamitous event bringing damage, loss, or destruction to property or the environment, such as an oil spill, blowout, explosion, fire, storm, hurricane, or other disaster. The overhead rate shall be applied to those costs necessary to restore the Joint Property to the equivalent condition that existed prior to the event.

A. If the Operator absorbs the engineering, design and drafting costs related to the project:

(1) **5.0 % of total costs if such costs are less than $100,000; plus

(2) **3.0 % of total costs in excess of $100,000 but less than $1,000,000; plus

(3) **2.0 % of total costs in excess of $1,000,000.

B. If the Operator charges engineering, design and drafting costs related to the project directly to the Joint Account:

(1) **5.0 % of total costs if such costs are less than $100,000; plus

(2) **3.0 % of total costs in excess of $100,000 but less than $1,000,000; plus

(3) **2.0 % of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single Major Construction project shall not be treated separately, and the cost of drilling and workover wells and purchasing and installing pumping units and downhole artificial lift equipment shall be excluded. For Catastrophes, the rates shall be applied to all costs associated with each single occurrence or event.

On each project, the Operator shall advise the Non-Operator(s) in advance which of the above options shall apply.

For the purposes of calculating Catastrophe Overhead, the cost of drilling relief wells, substitute wells, or conducting other well operations directly resulting from the catastrophic event shall be included. Expenditures to which these rates apply shall not be reduced by salvage or insurance recoveries. Expenditures that qualify for Major Construction or Catastrophe Overhead shall not qualify for overhead under any other overhead provisions.

In the event of any conflict between the provisions of this Section III.2 and the provisions of Sections II.2 (*Labor*), II.5 (*Services*), or II.7 (*Affiliates*), the provisions of this Section III.2 shall govern.

3. AMENDMENT OF OVERHEAD RATES

The overhead rates provided for in this Section III may be amended from time to time if, in practice, the rates are found to be insufficient or excessive, in accordance with the provisions of Section I.6.B (*Amendments*).

IV. MATERIAL PURCHASES, TRANSFERS, AND DISPOSITIONS

The Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for direct purchases, transfers, and dispositions. The Operator shall provide all Material for use in the conduct of Joint Operations; however, Material may be supplied by the Non-Operators, at the Operator's option. Material furnished by any Party shall be furnished without any express or implied warranties as to quality, fitness for use, or any other matter.

1. DIRECT PURCHASES

Direct purchases shall be charged to the Joint Account at the price paid by the Operator after deduction of all discounts received. The Operator shall make good faith efforts to take discounts offered by suppliers, but shall not be liable for failure to take discounts except to the extent such failure was the result of the Operator's gross negligence or willful misconduct. A direct purchase shall be deemed to occur when an agreement is made between an Operator and a third party for the acquisition of Material for a specific well site or location. Material provided by the Operator under "vendor stocking programs," where the initial use is for a Joint Property and title of the Material does not pass from the manufacturer, distributor, or agent until usage, is considered a direct purchase. If Material is found to be defective or is returned to the manufacturer, distributor, or agent for any other reason, credit shall be passed to the Joint Account within sixty (60) days after the Operator has received adjustment from the manufacturer, distributor, or agent.

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2. TRANSFERS

A transfer is determined to occur when the Operator (i) furnishes Material from a storage facility or from another operated property, (ii) has assumed liability for the storage costs and changes in value, and (iii) has previously secured and held title to the transferred Material. Similarly, the removal of Material from the Joint Property to a storage facility or to another operated property is also considered a transfer; provided, however, Material that is moved from the Joint Property to a storage location for safe-keeping pending disposition may remain charged to the Joint Account and is not considered a transfer. Material shall be disposed of in accordance with Section IV.3 (*Disposition of Surplus*) and the Agreement to which this Accounting Procedure is attached.

A. PRICING

The value of Material transferred to/from the Joint Property should generally reflect the market value on the date of physical transfer. Regardless of the pricing method used, the Operator shall make available to the Non-Operators sufficient documentation to verify the Material valuation. When higher than specification grade or size tubulars are used in the conduct of Joint Operations, the Operator shall charge the Joint Account at the equivalent price for well design specification tubulars, unless such higher specification grade or sized tubulars are approved by the Parties pursuant to Section I.6.A (*General Matters*). Transfers of new Material will be priced using one of the following pricing methods; provided, however, the Operator shall use consistent pricing methods, and not alternate between methods for the purpose of choosing the method most favorable to the Operator for a specific transfer:

(1) Using published prices in effect on date of movement as adjusted by the appropriate COPAS Historical Price Multiplier (HPM) or prices provided by the COPAS Computerized Equipment Pricing System (CEPS).

(a) For oil country tubulars and line pipe, the published price shall be based upon eastern mill carload base prices (Houston, Texas, for special end) adjusted as of date of movement, plus transportation cost as defined in Section IV.2.B (*Freight*).

(b) For other Material, the published price shall be the published list price in effect at date of movement, as listed by a Supply Store nearest the Joint Property where like Material is normally available, or point of manufacture plus transportation costs as defined in Section IV.2.B (*Freight*).

(2) Based on a price quotation from a vendor that reflects a current realistic acquisition cost.

(3) Based on the amount paid by the Operator for like Material in the vicinity of the Joint Property within the previous twelve (12) months from the date of physical transfer.

(4) As agreed to by the Participating Parties for Material being transferred to the Joint Property, and by the Parties owning the Material for Material being transferred from the Joint Property.

B. FREIGHT

Transportation costs shall be added to the Material transfer price using the method prescribed by the COPAS Computerized Equipment Pricing System (CEPS). If not using CEPS, transportation costs shall be calculated as follows:

(1) Transportation costs for oil country tubulars and line pipe shall be calculated using the distance from eastern mill to the Railway Receiving Point based on the carload weight basis

(2) Transportation costs for special mill items shall be calculated from that mill's shipping point to the Railway Receiving Point. For transportation costs from other than eastern mills, the 30,000-pound interstate truck rate shall be used. Transportation costs for macaroni tubing shall be calculated based on the interstate truck rate per weight of tubing transferred to the Railway Receiving Point.

(3) Transportation costs for special end tubular goods shall be calculated using the interstate truck rate from Houston, Texas, to the Railway Receiving Point.

(4) Transportation costs for Material other than that described in Sections IV.2.B.(1) through (3), shall be calculated from the Supply Store or point of manufacture, whichever is appropriate, to the Railway Receiving Point

Regardless of whether using CEPS or manually calculating transportation costs, transportation costs from the Railway Receiving Point to the Joint Property are in addition to the foregoing, and may be charged to the Joint Account based on actual costs incurred. All transportation costs are subject to Equalized Freight as provided in Section II.4 (*Transportation*) of this Accounting Procedure.

C. TAXES

Sales and use taxes shall be added to the Material transfer price using either the method contained in the COPAS Computerized Equipment Pricing System (CEPS) or the applicable tax rate in effect for the Joint Property at the time and place of transfer. In either case, the Joint Account shall be charged or credited at the rate that would have governed had the Material been a direct purchase.

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D. CONDITION

(1) Condition "A" – New and unused Material in sound and serviceable condition shall be charged at one hundred percent (100%) of the price as determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*). Material transferred from the Joint Property that was not placed in service shall be credited as charged without gain or loss; provided, however, any unused Material that was charged to the Joint Account through a direct purchase will be credited to the Joint Account at the original cost paid less restocking fees charged by the vendor. New and unused Material transferred from the Joint Property may be credited at a price other than the price originally charged to the Joint Account provided such price is approved by the Parties owning such Material, pursuant to Section I.6.A (*General Matters*). All refurbishing costs required or necessary to return the Material to original condition or to correct handling, transportation, or other damages will be borne by the divesting property. The Joint Account is responsible for Material preparation, handling, and transportation costs for new and unused Material charged to the Joint Property either through a direct purchase or transfer. Any preparation costs incurred, including any internal or external coating and wrapping, will be credited on new Material provided these services were not repeated for such Material for the receiving property.

(2) Condition "B" – Used Material in sound and serviceable condition and suitable for reuse without reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by seventy-five percent (75%).

Except as provided in Section IV.2.D(3), all reconditioning costs required to return the Material to Condition "B" or to correct handling, transportation or other damages will be borne by the divesting property.

If the Material was originally charged to the Joint Account as used Material and placed in service for the Joint Property, the Material will be credited at the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) multiplied by sixty-five percent (65%).

Unless otherwise agreed to by the Parties that paid for such Material, used Material transferred from the Joint Property that was not placed in service on the property shall be credited as charged without gain or loss.

(3) Condition "C" – Material that is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced by multiplying the price determined in Sections IV.2.A (*Pricing*), IV.2.B (*Freight*), and IV.2.C (*Taxes*) by fifty percent (50%).

The cost of reconditioning may be charged to the receiving property to the extent Condition "C" value, plus cost of reconditioning, does not exceed Condition "B" value.

(4) Condition "D" – Material that (i) is no longer suitable for its original purpose but useable for some other purpose, (ii) is obsolete, or (iii) does not meet original specifications but still has value and can be used in other applications as a substitute for items with different specifications, is considered Condition "D" Material. Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing, or drill pipe utilized as line pipe shall be priced at used line pipe prices. Casing, tubing, or drill pipe used as higher pressure service lines than standard line pipe, e.g., power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non-upset basis. For other items, the price used should result in the Joint Account being charged or credited with the value of the service rendered or use of the Material, or as agreed to by the Parties pursuant to Section 1.6.A (*General Matters*).

(5) Condition "E" – Junk shall be priced at prevailing scrap value prices.

E. OTHER PRICING PROVISIONS

(1) Preparation Costs

Subject to Section II (*Direct Charges*) and Section III (*Overhead*) of this Accounting Procedure, costs incurred by the Operator in making Material serviceable including inspection, third party surveillance services, and other similar services will be charged to the Joint Account at prices which reflect the Operator's actual costs of the services. Documentation must be provided to the Non-Operators upon request to support the cost of service. New coating and/or wrapping shall be considered a component of the Materials and priced in accordance with Sections IV.1 (*Direct Purchases*) or IV.2.A (*Pricing*), as applicable. No charges or credits shall be made for used coating or wrapping.

(2) Loading and Unloading Costs

Loading and unloading costs related to the movement of the Material to the Joint Property shall be charged

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3. DISPOSITION OF SURPLUS

Surplus Material is that Material, whether new or used, that is no longer required for Joint Operations. The Operator may purchase, but shall be under no obligation to purchase, the interest of the Non-Operators in surplus Material.

Dispositions for the purpose of this procedure are considered to be the relinquishment of title of the Material from the Joint Property to either a third party, a Non-Operator, or to the Operator. To avoid the accumulation of surplus Material, the Operator should make good faith efforts to dispose of surplus within twelve (12) months through buy/sale agreements, trade, sale to a third party, division in kind, or other dispositions as agreed to by the Parties.

Disposal of surplus Materials shall be made in accordance with the terms of the Agreement to which this Accounting Procedure is attached. If the Agreement contains no provisions governing disposal of surplus Material, the following terms shall apply:

- The Operator may, through a sale to an unrelated third party or entity, dispose of surplus Material having a gross sale value that is less than or equal to the Operator's expenditure limit as set forth in the Agreement to which this Accounting Procedure is attached without the prior approval of the Parties owning such Material.

- If the gross sale value exceeds the Agreement expenditure limit, the disposal must be agreed to by the Parties owning such Material.

- Operator may purchase surplus Condition "A" or "B" Material without approval of the Parties owning such Material, based on the pricing methods set forth in Section IV.2 (*Transfers*).

- Operator may purchase Condition "C" Material without prior approval of the Parties owning such Material if the value of the Materials, based on the pricing methods set forth in Section IV.2 (*Transfers*), is less than or equal to the Operator's expenditure limitation set forth in the Agreement. The Operator shall provide documentation supporting the classification of the Material as Condition C.

- Operator may dispose of Condition "D" or "E" Material under procedures normally utilized by Operator without prior approval of the Parties owning such Material.

4. SPECIAL PRICING PROVISIONS

A. PREMIUM PRICING

Whenever Material is available only at inflated prices due to national emergencies, strikes, government imposed foreign trade restrictions, or other unusual causes over which the Operator has no control, for direct purchase the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, making it suitable for use, and moving it to the Joint Property. Material transferred or disposed of during premium pricing situations shall be valued in accordance with Section IV.2 (*Transfers*) or Section IV.3 (*Disposition of Surplus*), as applicable.

B. SHOP-MADE ITEMS

Items fabricated by the Operator's employees, or by contract laborers under the direction of the Operator, shall be priced using the value of the Material used to construct the item plus the cost of labor to fabricate the item. If the Material is from the Operator's scrap or junk account, the Material shall be priced at either twenty-five percent (25%) of the current price as determined in Section IV.2.A (*Pricing*) or scrap value, whichever is higher. In no event shall the amount charged exceed the value of the item commensurate with its use.

C. MILL REJECTS

Mill rejects purchased as "limited service" casing or tubing shall be priced at eighty percent (80%) of K-55/J-55 price as determined in Section IV.2 (*Transfers*). Line pipe converted to casing or tubing with casing or tubing couplings attached shall be priced as K-55/J-55 casing or tubing at the nearest size and weight.

V. INVENTORIES OF CONTROLLABLE MATERIAL

The Operator shall maintain records of Controllable Material charged to the Joint Account, with sufficient detail to perform physical inventories.

Adjustments to the Joint Account by the Operator resulting from a physical inventory of Controllable Material shall be made within twelve (12) months following the taking of the inventory or receipt of Non-Operator inventory report. Charges and credits for overages or shortages will be valued for the Joint Account in accordance with Section IV.2 (*Transfers*) and shall be based on the Condition "B" prices in effect on the date of physical inventory unless the inventorying Parties can provide sufficient evidence another Material condition applies.

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1. DIRECTED INVENTORIES

Physical inventories shall be performed by the Operator upon written request of a majority in working interests of the Non-Operators (hereinafter, "directed inventory"); provided, however, the Operator shall not be required to perform directed inventories more frequently than once every five (5) years. Directed inventories shall be commenced within one hundred eighty (180) days after the Operator receives written notice that a majority in interest of the Non-Operators has requested the inventory. All Parties shall be governed by the results of any directed inventory.

Expenses of directed inventories will be borne by the Joint Account; provided, however, costs associated with any post-report follow-up work in settling the inventory will be absorbed by the Party incurring such costs. The Operator is expected to exercise judgment in keeping expenses within reasonable limits. Any anticipated disproportionate or extraordinary costs should be discussed and agreed upon prior to commencement of the inventory. Expenses of directed inventories may include the following:

A. A per diem rate for each inventory person, representative of actual salaries, wages, and payroll burdens and benefits of the personnel performing the inventory or a rate agreed to by the Parties pursuant to Section I.6.A (*General Matters*). The per diem rate shall also be applied to a reasonable number of days for pre-inventory work and report preparation.

B. Actual transportation costs and Personal Expenses for the inventory team.

C. Reasonable charges for report preparation and distribution to the Non-Operators.

2. NON-DIRECTED INVENTORIES

A. OPERATOR INVENTORIES

Physical inventories that are not requested by the Non-Operators may be performed by the Operator, at the Operator's discretion. The expenses of conducting such Operator-initiated inventories shall not be charged to the Joint Account.

B. NON-OPERATOR INVENTORIES

Subject to the terms of the Agreement to which this Accounting Procedure is attached, the Non-Operators may conduct a physical inventory at reasonable times at their sole cost and risk after giving the Operator at least ninety (90) days prior written notice. The Non-Operator inventory report shall be furnished to the Operator in writing within ninety (90) days of completing the inventory fieldwork.

C. SPECIAL INVENTORIES

The expense of conducting inventories other than those described in Sections V.1 (*Directed Inventories*), V.2.A (*Operator Inventories*), or V.2.B (*Non-Operator Inventories*), shall be charged to the Party requesting such inventory; provided, however, inventories required due to a change of Operator shall be charged to the Joint Account in the same manner as described in Section V.1 (*Directed Inventories*).

VI. OTHER PROVISIONS

Notwithstanding anything herein to the contrary, Operator shall charge direct to the Joint Account all costs for third party or consulting services, materials for land, legal, and accounting services, including, without limitation, title research, lease acquisitions and title opinions.

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EXHIBIT "D"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

INSURANCE EXHIBIT

The Operator, during the term of this Agreement, shall carry insurance for the benefit and at the expense of the parties hereto as follows unless notified in writing by Non-Operator(s):

(A) Worker's Compensation Insurance as contemplated and required by the Laws of the state in which operations will be conducted.

(B) Employer's Liability Insurance with a minimum limit of $1,000,000.00.

(C) Commercial Automobile Liability Insurance with a combined single limit of not less than $1,000,000.00 per occurrence.

(D) Commercial General Liability Insurance with an occurrence limit of $1,000,000.00.

(E) Excess Liability Coverage with an each occurrence and general aggregate limit of not less than $5,000,000.00.

(F) Control of Well Insurance with the following limits for wells to be drilled;
$10MM for wells with completed well cost AFE's < $4MM
$20MM for wells with completed well cost AFE's $4MM to $7.5MM
$30MM for wells with completed well cost AFE's $7.5MM to $10MM
$40MM for wells with completed well cost AFE's > $10MM
Operator's control of well insurance shall cover the cost of controlling a well out of control, the expenses involved in re-drilling or restoring the well, and certain other related costs, including liability for seepage and pollution and liability for items in Operator's care, custody, and control. ($5,000,000 CCC Limit)

(G) Oil Lease Property coverage as determined by Operator.

The Operator shall charge the joint account for insurance premiums, and in event of a claim, the proportionate share of the deductible/retention. Losses not covered by such insurance *shall* be charged to the joint account proportionately. The Operator is solely responsible for selection of coverages but is not responsible for solvency of any Insurer(s).

All policies mentioned above, with the exception of workers compensation, shall be endorsed to provide that the underwriters and insurance companies waive their right of subrogation against the Non-Operator, its affiliates, subsidiaries and employees. In addition, the Non-Operating party shall be named as an additional insured under the policies listed.

In the event a Non-Operating party elects not to be covered for well control insurance, the Non-Operator shall notify operator prior to the spud date of a well and provide certificate of insurance with equal or higher limits of coverage. By such refusal of coverage the Non-Operating party agrees to be responsible for his proportionate share of such loss and shall be deemed to have indemnified the Operator of any such loss that would have been covered under the Operator's coverage, regardless of the degree or type of negligence, either sole, joint, concurrent, or gross, anything in this agreement to the contrary notwithstanding.

End of Exhibit "D"

Exhibit "E"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____ _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

Gas Balancing Agreement

NOTICE - Monthly Cash Balancing Form

I. DEFINITIONS

The following definitions shall apply to this Agreement:

1.01 "Arm's Length Agreement" shall mean any gas sales agreement with an unaffiliated purchaser of any gas sales agreement with an affiliated purchaser where the sales price and delivery conditions under such agreement are representative of prices and delivery conditions existing under other similar agreements in the area between unaffiliated parties at the same time for natural gas of comparable quality and quantity.

1.02 "Balancing Area" shall mean each well subject to the Joint Operating Agreement that produces Gas or is allocated a share of Gas production. If a single well is completed in two or more producing intervals, each producing interval from which the Gas production is not commingled in the wellbore shall be considered a separate well.

1.03 "Full Share of Current Production" shall mean the Percentage Interest of each Party in the Gas actually produced from the Balancing Area during each month.

1.04 "Gas" shall mean all hydrocarbons produced or producible from the Balancing Area, whether from a well classified as an oil well or gas well by the regulatory agency having jurisdiction in such matters, which are or may be made available for sale or separate disposition by the Parties, excluding oil, condensate and other liquids recovered by field equipment operated for the joint account. "Gas" does not include gas used in joint operations, such as for fuel, recycling or reinjection, or which is vented or lost prior to its sale of delivery from the Balancing Area.

1.05 "Makeup Gas" shall mean any Gas taken by an Underproduced Party from the Balancing Area in excess of its Full Share of Current Production pursuant to Section 3.3.

1.06 "MCF" shall mean one thousand cubic feet. A cubic foot of Gas shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and at a standard temperature base.

1.07 "MMBTU" shall mean one million British Thermal Units. A British Thermal Unit shall mean the quantity of heat required to raise one pound avoirdupois of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

1.08 "Operator" shall mean the individual or entity designated under the terms of the Joint Operating Agreement, or, in the event this Agreement is not employed in connection with a Joint Operating Agreement, the individual or entity designated as the operator of the well(s) located in the Balancing Area.

1.09 "Overproduced Party" shall mean any Party having taken a greater quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

1.10 "Overproduction" shall mean the cumulative quantity of Gas taken by a Party in excess of its Percentage Interest in the cumulative quantity of all Gas produced from the Balancing Area.

1.11 "Party" shall mean those individuals or entities subject to this Agreement, and their representative heirs, successors, transferees and assigns.

1.12 "Percentage Interest" shall mean the percentage or decimal interest of each Party in the Gas produced from the Balancing Area pursuant to the Joint Operating Agreement covering the Balancing Area.

1.13 "Royalty" shall mean payments on production of Gas from the Balancing Area to all owners of royalties, overriding royalties, production payments or similar interests.

1.14 "Underproduced Party" shall mean any Party having taken a lesser quantity of Gas from the Balancing Area than the Percentage Interest of such Party in the cumulative quantity of all Gas produced from the Balancing Area.

"Underproduction" shall mean the deficiency between the cumulative quantity of Gas taken by a Party and its Percentage Interest in the cumulative quantity of all Gas Produced from the Balancing Area.

"Winter Period" shall mean the month(s) of October - December in one calendar year and the month(s) of January - March in the succeeding calendar year.

II. BALANCING AREA

If this Agreement covers more than one Balancing Area, it shall be applied as if each Balancing Area were covered by separate but identical agreements. All balancing hereunder shall be on the basis of Gas taken from the Balancing Area measured in MMBTU's.

III. RIGHT OF PARTIES TO TAKE GAS

3.1 Each Party shall notify the Operator, or cause the Operator to be notified of the volumes nominated, the name of the transporting pipeline and the pipeline contract number (if available) and meter station relating to such delivery, sufficiently in advance for the Operator, acting with reasonable diligence, to meet all nomination and other requirements. Operator is authorized to deliver the volumes so nominated and confirmed (if confirmation is required) to the transporting pipeline in accordance with the terms of this Agreement.

3.2 Each Party shall make a reasonable, good faith effort to take its Full Share of Current Production at all times.

3.3 When a Party fails for any reason to take its Full Share of Current Production (as such Share may be reduced by the right of the other Parties to make up for Underproduction as provided herein), the other Parties shall be entitled to take any gas which such Party fails to take. To the extent practicable, such Gas shall be made available initially to each Underproduced Party in the proportion that its Percentage Interest in the Balancing Area bears to the total Percentage Interests of all Underproduced Parties desiring to take such Gas. If all such Gas is not taken by the Underproduced Parties, the portion not taken shall then be made available to the other Parties in the proportion that their respective Percentage Interests in the Balancing Area bear to the total Percentage Interests of such Parties.

3.4 All Gas taken by a Party in accordance with the provisions of this Agreement, regardless of whether such Party is underproduced or overproduced, shall be regarded as Gas taken for its own account with title thereto being in such taking Party.

3.5 In the event that a Party fails to make arrangements to take its Full Share of Current Production, the Operator may sell any part of such Party's Full Share of Current Production that such Party fails to take for the account of such Party and render to such Party, on a current basis, the full proceeds of the sale, less any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of such Full Share of Current Production. In making the sale contemplated herein, the Operator shall market such Party's proportionate share of gas produced from the contract Area on terms no less advantageous than those on which Operator markets to any non-affiliate its own proportionate share of gas produced from the Contract Area. Any such sale by Operator under the terms hereof shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the provisions of Article 3.4 hereof, Gas sold by Operator for a Party under the provisions hereof shall be deemed to be Gas taken for the account of such Party. Notwithstanding any provision herein, Operator will not make any sales under this Section 3.5 unless it has first notified a Party with seven (7) days written notice that a sale hereunder is contemplated.

IV. CASH BALANCING

Effective the first day of any calendar month, following the receipt of the Statement of Gas Balances as provided in Article V below, each Overproduced Party shall make payment to the Operator so as to eliminate its overproduction as provided in Article VII below.

V. STATEMENT OF GAS BALANCES

5.1 The Operator will maintain appropriate accounting on a monthly and cumulative basis of the volumes of Gas that each Party is entitled to receive and the volumes of Gas actually taken or sold for each Party's account. Within sixty (60) days after the month of production, the Operator will furnish a statement for such month showing (1) each Party's Full Share of Current Production, (2) the total volume of Gas actually taken or sold for each Party's account, (3) the difference between the volume taken by each Party and that Party's Full Share of Current Production, (4) the Overproduction or Underproduction of each Party, and (5) other data as recommended by the provisions of the Council of Petroleum Accountants Societies Bulletin No. 24, as amended or supplemented hereafter. Each Party taking Gas will promptly provide to the Operator any data required by the Operator for preparation of the statements required hereunder.

5.2 If any Party fails to provide the data required herein timely, the Operator, or where the Operator has failed to provide data, another Party, may audit the production and Gas sales and transportation volumes of the non-reporting Party to provide the required data. Such audit shall be conducted only after reasonable notice and during normal business hours in the office of the Party whose records are being audited. All costs associated with such audit will be charged to the account of the Party failing to provide the required data.

VI. PAYMENTS ON PRODUCTION

6.1 Each Party taking Gas shall pay or cause to be paid all production and severance taxes due on all volumes of Gas actually taken by such Party.

6.2 The Operator shall pay or cause to be paid all Royalty due with respect to Royalty Owners to whom it is accountable based on the volume of Gas actually taken for the respective Parties' account.

6.3 In the event that any governmental authority requires that Royalty payments be made on any other basis than that provided for in this Section VI, each Party agrees to make such Royalty payments accordingly, commencing on the effective date required by such governmental authority, and the method provided for herein shall be thereby superseded.

VII. CASH SETTLEMENTS

7.1 Effective the first day of any calendar month following the receipt of the Statement of Gas Balances as provided in Article V below, any Overproduced Party shall forward, via wire transfer, the cash amount of the value of its overproduction to the Operator. The Operator shall, within fifteen (15) days thereafter, pay to the respective Underproduced Party(ies) its (their) proportionate share of the value of the overproduction.

7.2 The amount of the cash settlement will be based on the proceeds received by the Overproduced Party under an Arm's Length Agreement for the Gas taken from time to time by the Overproduced Party in excess of the Overproduced Party's full share of Current Production. Any Makeup Gas taken by the Underproduced Party prior to monetary settlement hereunder will be applied to offset Overproduction chronologically in the order of accrual.

7.3 The values used for calculating the cash settlement under Section 7.2 will include all proceeds received for the sale of the Gas by the Overproduced Party calculated at the Balancing Area, after deducting any production or severance taxes paid and any Royalty actually paid by the Overproduced Party to an Underproduced Party's Royalty owner(s), to the extent said payments amounted to a discharge of said Underproduced Party's Royalty obligation, as well as any reasonable marketing, compression, treating, gathering or transportation costs incurred directly in connection with the sale of the Overproduction.

7.4 To the extent the Overproduced Party did not sell all Overproduction under an Arm's Length Agreement, the cash settlement will be based on the weighted average price received by the Overproduced Party for any gas sold from the Balancing Area under Arm's Length Agreements during the months to which such Overproduction is attributed. In the event that no sales under Arm's Length Agreements were made during any such month, the cash settlement for such month will be based on the first of the month weighted average spot sales prices published for the applicable pipelines in the applicable geographic area during such month, first, using Inside FERC's Gas Market Report and, then, using Natural Gas Intelligence if Inside FERC is no longer published. Should these publications cease to exist, a mutually acceptable pricing bulletin will be used.

7.5 Interest compounded at the prime rate in effect at Citibank N.A. of New York plus 4% per annum or the maximum lawful rate of interest applicable to the Balancing Area, whichever is less, will accrue for all amounts due under Section 7.1, beginning the first day following the date payment is due. Such interest shall be borne by the Operator or any Overproduced Party in the proportion that their respective delays beyond the deadlines set out in this Section, contributed to the accrual of the interest.

7.6 That portion of any monies collected by an Overproduced Party for Overproduction which is subject to refund by orders of the Federal Energy Regulatory Commission or other governmental authority may be withheld by the Overproduced Party until such prices are fully approved by such governmental authority, unless the

Underproduced Party furnishes a corporate undertaking, acceptable to the Overproduced Party, agreeing to hold the Overproduced Party harmless from financial loss due to refund orders by such governmental authority.

VIII. TESTING

Notwithstanding any provision of this Agreement to the contrary, any Party who is selling its gas production independently of Operator shall have the right, from time to time, to produce and take up to one hundred percent (100%) of a well's entire Gas stream to meet the reasonable deliverability test(s) required by such Party's Gas purchaser, and the right to take any Makeup Gas shall be subordinate to the right of any Party to conduct such tests; provided, however, that such tests shall be conducted in accordance with prudent operating practices only after ten (10) days' prior written notice to the Operator and shall last no longer than seventy-two (72) hours.

IX. OPERATING COSTS

Nothing in this Agreement shall change or affect any Party's obligation to pay its proportionate share of all costs and liabilities incurred in operations on or in connection with the Balancing Area, as its share thereof is set forth in the Joint Operating Agreement, irrespective of whether any Party is at any time selling and using Gas or whether such sales or use are in proportion to its Percentage Interest in the Balancing Area.

X. LIQUIDS

The Parties shall share proportionately in and own all liquid hydrocarbons recovered with Gas by field equipment operated for the joint account in accordance with their Percentage Interests in the Balancing Area.

XI. AUDIT RIGHTS

Notwithstanding any provision in this Agreement or any other agreement between the Parties hereto, and further notwithstanding any termination or cancellation of this Agreement, for a period of two (2) years from the end of the calendar year in which any information to be furnished under Section V or VII hereof is supplied, any Party shall have the right to audit the records of any other Party regarding quantity, including but not limited to information regarding BTU-content. Any Underproduced Party shall have the right for a period of two (2) years from the end of the calendar year in which any cash settlement is received pursuant to Section VII to audit the records of any Overproduced Party as to all matters concerning values, including but not limited to information regarding prices and disposition of Gas from the Balancing Area. Any such audit shall be conducted at the expense of the Party or Parties desiring such audit, and shall be conducted, after reasonable notice, during normal business hours in the office of the Party whose records are being audited. Each Party hereto agrees to maintain records as to the volumes and prices of Gas sold each month and the Volumes of Gas used in its own operations, along with the Royalty paid on any such Gas used by a Party in its own operations. The audit rights provided for in this Section XI shall be in addition to those provided for in Section 5.2 of this Agreement.

XII. MISCELLANEOUS

12.1 As between the Parties, in the event of any conflict between the provisions of this Agreement and the provisions of any gas sales contract, or in the event of any conflict between the provisions of the Joint Operating Agreement, the provisions of this Agreement shall govern.

12.2 Each Party agrees to defend, indemnify and hold harmless all other Parties from and against any and all liability for any claims, which may be asserted by any third Party which now or hereafter stands in a contractual relationship with such indemnifying Party and which arise out of the operation of this Agreement or any activities of such indemnifying Party under the provisions of this Agreement, and does further agree to save the other Parties harmless from all judgments or damages sustained and costs incurred in connection therewith.

12.3 Except as otherwise provided in this agreement, Operator is authorized to administer the provisions of this Agreement, but shall have no liability to the other Parties for losses sustained or liability incurred which arise out of or in connection with the performance of Operator's duties hereunder, except such as may result from Operator's gross negligence or willful misconduct. Operator shall not be liable to any Underproduced Party for the failure of any Overproduced Party (other than Operator) to pay any amounts owed pursuant to the terms hereof.

12.4 This Agreement shall remain in full force and effect for as long as the Joint Operating Agreement shall remain in force and effect as to the Balancing Area, and thereafter until the Gas accounts between the Parties are settled in full, and shall inure to the benefit of and be binding upon the Parties hereto, and their respective heirs, successors, legal representatives and assigns, if any. The Parties hereto agree to give notice of the existence of this Agreement to any successor in interest of any such Party and to provide that any such successor shall be bound by this Agreement, and shall further make any transfer of any interest subject to the Joint Operating Agreement, or any part thereof, also subject to the terms of this Agreement.

12.5 Unless the context clearly indicates otherwise, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

12.6 This Agreement shall bind the Parties in accordance with the provisions hereof, and nothing herein shall be construed or interpreted as creating any rights in any person or entity not a signatory hereto, or as being a stipulation in favor of any such person or entity.

12.7 If contemporaneously with this Agreement becoming effective, or thereafter, any Party requests that any other Party execute an appropriate memorandum or notice of this Agreement in order to give third parties notice of record of same and submits same for execution in recordable form, such memorandum or notice shall be duly executed by the Party to which such request is made and delivered promptly thereafter to the Party making the request. Upon receipt, the Party making the request shall cause the memorandum or notice to be duly recorded in the appropriate real property or other records affecting the Balancing Area.

12.8 In the event federal tax regulations require a uniform method of computing taxable income by all Parties, the Parties agree to negotiate in good faith to agree upon such a uniform method that is in accordance with the requirements of said tax regulations.

XIII. ASSIGNMENT AND RIGHTS UPON ASSIGNMENT

13.1 Subject to the provisions of Sections 13.2 and 13.3 hereof, and notwithstanding anything in this Agreement or in the Joint Operating Agreement to the contrary, if any Party assigns (including any sale, exchange or other transfer) any of its working interest in the Balancing Area when such Party is an Underproduced or Overproduced Party, the assignment or other act of transfer shall, insofar as the parties hereto are concerned, include all interest of the assigning or transferring Party in the Gas, all rights to receive or obligations to make any monetary payment which may ultimately be due hereunder, as applicable. Operator and each of the other Parties hereto shall thereafter treat the assignment accordingly, and the assigning or transferring Party shall look solely to its assignee or other

transferee for any interest in the Gas or monetary payment that such Party may have or to which it may be entitled, and shall cause its assignee or other transferee to assume its obligations hereunder.

13.2 Notwithstanding anything in this Agreement (including but not limited to the provisions of Section 13.1 hereof) or in the Joint Operating Agreement to the contrary, and subject to the provisions of Section 13.3 hereof, in the event an Overproduced Party intends to sell, assign, exchange or otherwise transfer any of its interest in a Balancing Area, such Overproduced Party shall notify in writing the other working interest owners who are Parties hereto in such Balancing Area of such fact at least thirty (30) days prior to closing the transaction. Thereafter, any Underproduced Party may demand from such Overproduced Party in writing, within twenty (20) days after receipt of the Overproduced Party's notice, a cash settlement of its Underproduction from the Balancing Area. The Operator shall be notified of any such demand and of any cash settlement pursuant to this Section XIII, and the Overproduction and Underproduction of each Party shall be adjusted accordingly. Any cash settlement pursuant to this Section XIII shall be paid by the Overproduced Party (i) in accordance with Article VII or (ii) at the closing of the transaction in which the Overproduced Party sells, assigns, exchanges or otherwise transfers its interest in a Balancing Area, whichever is the earlier, and shall bear interest at the rate set forth in Section 7.5 hereof, beginning sixty (60) days after the Overproduced Party's sale, assignment, exchange or transfer of its interest in the Balancing Area for any amounts not paid. Provided, however, if any Underproduced Party does not so demand such cash settlement of its Underproduction from the Balancing Area, such Underproduced Party shall look exclusively to the assignee or other successor in interest of the Overproduced Party giving notice hereunder for the satisfaction of such Underproduced Party's Underproduction in accordance with the provisions of Section 13.1 hereof.

13.3 The provisions of this Section XIII shall not be applicable in the event any Party mortgages its interest or disposes of its interest by merger, reorganization, consolidation or sale of substantially all of its assets to a subsidiary or parent company, or to any company in which any parent or subsidiary of such Party owns a majority of the stock of such company.

End of Exhibit "E"

EXHIBIT "F"

Attached to and made a part of that certain Operating Agreement by and between AM Idaho, LLC, as Operator, and _____, et al, as Non-Operator, dated effective the _____ day of _____, 2012, covering the _____Prospect, Canyon, Gem, Payette and Washington Counties, Idaho; Malheur County, Oregon.

MEMORANDUM OF OPERATING AGREEMENT AND FINANCING STATEMENT

THE STATE OF _____ §
§
COUNTY OF _____ §

THIS AGREEMENT is made and entered into by and between AM Idaho, LLC, (hereinafter referred to as "OPERATOR"), and the undersigned parties (hereinafter referred to as "NON-OPERATORS").

WHEREAS, the parties to this Memorandum of Operating Agreement and Financing Statement (hereinafter referred to as "Agreement") are owners of certain Oil and Gas Leases and/or Oil and Gas Interests covering the _____Prospect Area described in Exhibit "A" which is attached to and made a part the Operating Agreement (said Land(s), Lease(s) and Interest(s) are hereinafter referred to as the "Contract Area"), and in any instance in which the Lease(s) or Interest(s) of a party are not of record, the record owner and the party hereto that owns the interest or rights therein are reflected on said Exhibit "A"; AND,

WHEREAS, the parties hereto have subjected their interests in the Contract Area to an Operating Agreement dated effective the ____ day of _____, 2012 governing operations on and in the Contract Area, by and between OPERATOR and NON-OPERATORS, (such Operating Agreement hereinafter referred to as the "Operating Agreement"), covering the Contract Area for the purpose of exploring and developing such lands, Leases and Interests for oil and gas; AND,

WHEREAS, the parties hereto have executed this Agreement for the purpose of imparting notice to all persons of the rights and obligations of the parties under the Operating Agreement and for the further purpose of perfecting those rights capable of perfection;

NOW, THEREFORE, in consideration of the mutual rights, covenants and obligations of the parties hereto, it is hereby agreed between the parties as follows:

1. This Agreement is a supplemental to the Operating Agreement, which, for all purposes reference is hereby made and the terms and provisions contained therein are incorporated herewith in their entirety, and all terms used herein shall have the same meaning ascribed to them in said Operating Agreement.

2. The parties hereby agree that:

   A. The Oil and Gas Lease(s) and/or Oil and Gas Interest(s) of the parties comprised by the Contract Area shall be subject to and burdened with the terms and provisions of this Agreement and the Operating Agreement, and the parties do hereby commit such Lease)s) and Interest(s) to the performance thereof.

   B. The exploration and development of the Contract Area for oil and gas shall be governed by the terms and provisions of the Operating Agreement, as supplemented by this Agreement.

   C. All costs and liabilities incurred in operations under this Agreement and the Operating Agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties hereto, as provided in the Operating Agreement.

   D. Regardless of the record title ownership to the Oil and Gas Leases and/or Oil and Gas Interests identified on Exhibit "A", all production of oil and gas from the Contract Area shall be owned by the parties as provided in the Operating Agreement; provided nothing contained in this Agreement shall be deemed an assignment or cross-assignment of interests covered hereby.

   E. Each party shall pay or deliver, or cause to be paid or delivered, all burdens on its share of the production from the Contract Area as provided in the Operating Agreement.

   F. Any overriding royalty, production payment, net profits interest or other burden payable out of production hereafter created, assignments of production given as security for the payment of money and those overriding royalties, production payments and other burdens payable out of production heretofore created and defined as Subsequently Created Interests in the Operating Agreement shall be (i) borne solely by the party whose interest is burdened therewith, (ii) subject to suspension if a party is required to assign or relinquish to another party an interest which is subject to such burden, and (iii) subject to the lien and security interest hereinafter provided if the

party subject to such burden fails to pay its share of expenses chargeable hereunder and under the Operating Agreement, all upon the terms and provisions and in the times and manner provided by the Operating Agreement.

G. The Oil and Gas Leases and/or Oil and Gas Interests which are subject hereto may not be assigned or transferred except in accordance with those terms, provisions and restrictions in the Operating Agreement regulating such transfers. This Agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, devisees, legal representatives, and assigns.

H. The parties shall have the right to acquire an interest in any renewal, extension or replacement leases, leases proposed to be surrendered, wells proposed to be abandoned, and interests to be relinquished as a result of non-participation in subsequent operations, all in accordance with the terms and provisions of the Operating Agreement.

I. The rights and obligations of the parties and the adjustment of interests among them in the event of a failure or loss of title, failure to participate in acquisitions under the Area of Mutual Interest or the participation in a greater interest in such acquisitions, each party's right to propose operations, obligations with respect to participation in operations on the Contract Area and the consequences of a failure to participate in operations, the rights and obligations of the parties regarding the marketing of production, and the rights and remedies of the parties for failure to comply with financial obligations shall be as provided in the Operating Agreement.

J. Each party's interest under this Agreement and under the Operating Agreement shall be subject to relinquishment for its failure to participate in subsequent operations and each party's share of production and costs shall be reallocated on the basis of such relinquishment, all upon the terms and provisions provided in the Operating Agreement.

3. All other matters with respect to exploration and development of the Contract Area and the ownership and transfer of the Oil and Gas Leases and/or Oil and Gas Interest therein shall be governed by the terms and provisions of the Operating Agreement.

4. The parties hereby grant reciprocal liens and security interests to each other as follows:

A. Each party grants to the other parties hereto a lien upon any interest it now owns or hereafter acquires in Oil and Gas Leases and/or Oil and Gas Interests in the Contract Area, and a security interest and for purchase money security interest in any interest it now owns or hereafter acquires in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this Agreement and the Operating Agreement including but not limited to payment of expenses, interest and fees, the proper disbursement of all monies paid under this Agreement and the Operating Agreement, the assignment or relinquishment of interest in Oil and Gas Leases as required under this Agreement and the Operating Agreement, and the proper performance of operations under this Agreement and the Operating Agreement. Such lien and security interest granted by each party hereto shall include such party's leasehold interests, working interests, operating rights, and royalty and overriding royalty interests in the Contract Area now owned or hereafter acquired and in lands pooled or unitized therewith or otherwise becoming subject to this Agreement and the Operating Agreement, the oil and gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools, and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of oil and/or gas at the wellhead), contract rights, inventory and general intangibles relating thereto or arising therefrom, and all proceeds and products of the foregoing.

B. Each party represents and warrants to the other parties hereto that the lien and security interest granted by such party to the other parties shall be a first and prior lien, and each party hereby agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in the Oil and Gas Leases and/or Oil and Gas Interests covered by this Agreement and the Operating Agreement by, through or under such party. All parties acquiring an interest in any Oil and Gas Leases and/or Oil and Gas Interests covered by this Agreement and the Operating Agreement, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have been taken subject to the lien and security interest granted by the Operating Agreement and this instrument as to all obligations attributable to such interest under this Agreement and the Operating Agreement whether or not such obligations arise before or after such interest is acquired.

C. To the extent that the parties have a security interest under the Uniform Commercial Code of the state in which the Contract Area is situated, they shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed 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 party in the payment of Its share of expenses, interest or fees, or upon the improper use of funds by the OPERATOR, the other parties shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such defaulting party's share of oil and gas until the amount owed by such party, plus interest, has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such

defaulting party's share of oil and gas. All purchasers of production may rely on a notification of default from the non-defaulting party or parties stating the amount due as a result of the default, and all parties waive any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

D. If any party fails to pay its share of expenses within one hundred twenty (120) days after rendition of a statement therefor by OPERATOR, OPERATOR shall pay the unpaid amount. The amount paid by OPERATOR shall be secured by the liens and security rights described in this paragraph 3. and in Article VII.B. of the Operating Agreement, and OPERATOR may pursue any remedy available under the Operating Agreement or otherwise.

E. If any party does not perform all of its obligations under this Agreement or the Operating Agreement, and the failure to perform subjects such party to foreclosure or execution proceedings pursuant to the provisions of this Agreement or the Operating Agreement, to the extent allowed by governing law, the defaulting party waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, each party hereby grants to the other parties a power of sale as to any property that is subject to the lien and security rights granted hereunder or under the Operating Agreement, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

F. The lien and security interest granted by this paragraph 3. supplements identical rights granted under the Operating Agreement.

G. To the extent permitted by applicable law, NON-OPERATORS agree that OPERATOR may invoke or utilize the mechanics' or materialman's lien law of the state in which the Contract Area is situated in order to secure the payment to OPERATOR of any sum due under this Agreement and the Operating Agreement for services performed or materials supplied by OPERATOR.

H. The above described security will be financed at the wellhead of the well or wells located on the Contract Area and this Memorandum of Operating Agreement and Financing Statement may be filed in the land records in the County or Parish in which the Contract Area is located, and as a financing statement in all recording offices required under the Uniform Commercial Code or other applicable state statutes to perfect the above described security interest, and any party hereto may file a continuation statement as necessary under the Uniform Commercial Code, or other state laws.

5. This Agreement shall be effective as of the date of the Operating Agreement as above recited. Upon termination of this Agreement and the Operating Agreement and the satisfaction of all obligations thereunder, OPERATOR is authorized to file of record in all necessary recording offices a notice of termination, and upon the request of OPERATOR, each party hereto agrees to execute such a notice of termination as to OPERATOR'S interest, if OPERATOR has complied with all of its financial obligations.

6. This Agreement and the Operating Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. Every sale, encumbrance, transfer or other disposition made by any party of any interest in the Oil and Gas Leases and/or Oil and Gas Interests subject hereto shall be made expressly subject to this Agreement and the Operating Agreement and without prejudice to the rights of the other parties. The assignee of an ownership interest in any Oil and Gas Lease and/or Oil and Gas Interests shall be deemed a party to this Agreement and the Operating Agreement as to the interest assigned from and after the effective date of the transfer of ownership; provided, however, that the other parties shall not be required to recognize any such sale, encumbrance, transfer or other disposition for any purpose hereunder until thirty (30) days after they have received a copy of the instrument of transfer or other satisfactory evidence thereof in writing from the transferor or transferee. No assignment or other disposition of interest by a party shall relieve such party of obligations previously incurred by such party under this Agreement or the Operating Agreement with respect to the interest transferred, including without limitation the obligation of a party to pay all costs attributable to an operation conducted under this Agreement and the Operating Agreement in which such party has agreed to participate prior to making such assignment, and the lien and security interest granted by Article VII.B. of the Operating Agreement and hereby shall continue to burden the interest transferred to secure payment of any such obligations.

7. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of the Operating Agreement, then, as between the parties, the terms and provisions of the Operating Agreement shall control.

8. This agreement shall be binding upon each NON-OPERATOR when this agreement or a counterpart thereof has been executed by NON-OPERATOR and OPERATOR notwithstanding that this agreement is not then or thereafter executed by all of the parties to which it is tendered or which are listed on Exhibit "A" as owning an interest in the Contract Area or which own, in fact, an interest in the Contract Area. In the event that any provision herein is illegal or unenforceable, the remaining provisions shall not be affected, and shall be enforced as if the illegal or unenforceable provision did not appear herein.

IN WITNESS WHEREOF, this Agreement shall be effective as of the _____ day of _____, 2012.

OPERATOR:

AM IDAHO, LLC
By: Alta Mesa GP, LLC
Its: General Partner

_____
F. David Murrell, VP-Land

NON-OPERATORS:

_____

_____

STATE OF TEXAS §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20____, by F. David Murrell, Vice President of Land of **Alta Mesa GP, LLC, General Partner of AM Idaho, LLC**, a limited partnership, on behalf of said partnership.

_____
Notary Public in and for the
State of Texas

STATE OF _____ §
§
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20____, by ____ _____, the _____ of _____,on behalf of said company.

_____
Notary Public in and for the
State of _____

End of Exhibit "F"

EXHIBIT E

Attached to and made a part of that certain Exploration Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

AMI Area

SCHEDULE 4.13

Attached to and made a part of that certain Purchase and Sale Agreement dated effective January 1, 2012 by and between Bridge Energy Inc. and AM Idaho LLC (f/k/a AM Montana LLC)

SCHEDULED A/P

Company Name	Amount Due (USD)
AmeriTitle, Inc	$537.50
Baird Hanson Williams LLP	99,975.00
Bitter Creek Energy Services	5,097.32
Blue Rock Consulting Ltd	1,158.00
Boelen's Well Service LLC	24,355.68
Centra Consulting, Inc	197,167.84
Contex Energy Company	6,000.00
Oregon Secretary of State, Corporate Division	275.00
Crown Industrial LLC	4,169.50
CTD, Inc.	37,523.71
US Department of Interior, BLM	255.00
Doug Andrus Distributing	4,441.50
Ely and Associates, Inc.	7,023.96
Genesis Engineering Ltd	62,295.46
Grant's Petroleum, Inc.	2,642.41
HTI Services LLC	5,000.00
ICP InCompliance Products, Inc	40.00
Idaho Department of Lands	1,880.00
Idaho Power	1,022.49
Idaho Transportation Department	50.00
IMA of Colorado, Inc.	3,000.00
Mountain West Oil Field	2,416.80
Paragon Industries Inc.	713.84
Portable Restrooms	935.97
PTI Group USA LLC	47,091.40
R Richards Ltd	100,000.00
Rain For Rent	12,750.00
Redi Services, LLC	12,757.00
Shaw Fabrication and Manufacturing	22,070.00
ShawCor Pipe Protection LLC	32.22
Sound & Cellular, Inc.	10,796.90
Spence Industrial	4,000.00
Story Services, Inc.	27,900.00
Strata Petroleum Consulting	20,781.20
Superior Energy Services, LLC	11,412.50
TFI Resources	8,000.00
Timberline Surveying PLLC	2,688.50
Warner Construction, Inc.	76,244.25
Wittmeyer & Associates, LLC	2,392.09
Total Disbursements	$826,893.04
From Paramax Proceeds	$212,278.89
From Bridge Proceeds	$614,614.14

SCHEDULE 6.6

Attached to and made a part of that certain Assignment and Bill of Sale dated effective January 1, 2012 by and between Bridge Resources Corp. and [Alta Mesa]

LIENS

MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT, FIXTURE FILING AND ASSIGNMENT OF PRODUCTION FROM BRIDGE ENERGY INC. (Mortgager and Debtor) AND ENERGY WEST CORPORATION (Mortgager) TO THE ROYAL BANK OF SCOTLAND PLC (Mortgagee and Secured Party). Dated as of June 29, 2010.

Filed of record in Canyon County, Idaho under instrument number 2010030629.
Filed of record in Gem County, Idaho under instrument number 277964.
Filed of record in Payette County, Idaho under instrument number 367352.
Filed of record in Washington County, Idaho under instrument number 215448.
Filed of record in Malheur County, Oregon under instrument number 2010-3985.

UCC FINANCING STATEMENT AMENDMENT (TERMINATION) from The Royal Bank of Scotland plc, as Security Trustee to Energy West Corporation.

Filed of record in Canyon County, Idaho under instrument number 2012000949.
Filed of record in Gem County, Idaho under instrument number 285188.
Filed of record in Payette County, Idaho under instrument number 0375679.
Filed of record in Washington County, Idaho under instrument number 219099.
Filed of record in Malheur County, Oregon under instrument number 2011-4305.

RELEASE OF MORTGAGOR ENERGY WEST CORPORATION FROM MORTGAGE from THE ROYAL BANK OF SCOTLAND PLC to ENERGY WEST CORPORATION dated November 23, 2011.

Filed of record in Canyon County, Idaho under instrument number 2011048677.
Filed of record in Gem County, Idaho under instrument number 284764.
Filed of record in Payette County, Idaho under instrument number 375220, 375221.
Filed of record in Washington County, Idaho under instrument number 218790.
Filed of record in Malheur County, Oregon under instrument number 2011-4304.

CLAIM OF LIEN from Warner Construction, Inc. (Claimant) to County Recorder, County of Payette, State of Idaho, and ML Investment Company, DJS Properties L.P., Paula Espino, The LeeRoy and Lorrie Tracy Trust, Douglas A. White and Kerry L. White, and Island Capitol, LLC (owners), and Energy West Corporation, Paramax Energy, Inc, Bridge Energy Inc. and Bridge Resources Corp. (Lessees), Dated December 19, 2011.

Filed of record in Payette County, Idaho under instrument number 375414.