

BIDDER/BUYER'S TERMS AND CONDITIONS

- 1. REGISTRATION AND PRE-QUALIFICATION:** Each prospective bidder must execute this instrument and the Qualified Bidder Registration form prior to becoming a qualified bidder ("Bidder") at any auction or other sale ("Sale") conducted by The Oil & Gas Asset Clearinghouse, L.P. by its General Partner, OGA Clearinghouse GP, LLC ("The Clearinghouse"). Any party or entity bidding as an agent for or on behalf of an absentee Bidder(s) must submit a signed original of a Qualified Bidder Registration form and this instrument on behalf of any such absentee Bidder, together with a recordable Power of Attorney or such other documentation as required by The Clearinghouse to evidence authority to bid on behalf of such absentee. Prior to bidding, Bidder must obtain from The Clearinghouse a bidder number (or separate numbers if representing more than one Bidder) evidencing proper qualification to bid at such Sale. Bidder agrees to keep such bidder number(s) in its sole possession until conclusion of the Sale. The Clearinghouse reserves the right, in its sole discretion, not to approve and qualify any potential Bidder.
- 2. ALL SALES ARE FINAL:** Unless otherwise specifically stated in the Sale Brochure, Auction Catalog or Announcement, all properties shall be sold on an absolute sale basis with no minimums, bid-ins, buy-back arrangements or false bidding on behalf of the Seller. Properties will be sold to the highest Bidder ("Buyer") as determined by The Clearinghouse. The Clearinghouse retains the right, in its sole discretion, to reject or accept any bid, to arbitrate tie bids, reject fractional bids, re-open lots for bidding, combine and/or delete bidding lots and wells within such lots. Unless re-opened by The Clearinghouse, no further bidding will be considered once a property is declared "SOLD" by the auctioneer. All sales are final in accordance with the terms and conditions set forth herein.
- 3. SETTLEMENT:** The Clearinghouse shall prepare an invoice for each high bid which shall include recording or other fees incidental to approval by jurisdictional agencies, and all applicable federal, state and/or municipal taxes applicable to the transfer. BIDDER SHALL PAY SUCH INVOICE(S) IN FULL ON THE DAY OF THE SALE. All purchases must be paid by CERTIFIED CHECK, WIRE TRANSFER OR COMPANY/PERSONAL CHECK ACCOMPANIED BY A BANK LETTER guaranteeing payment of such check or other financial assurances suitable to The Clearinghouse. Checks shall be made payable to Compass Bank, as escrow agent. In the event of non-payment or failure of any check to clear, Buyer shall be liable for expenses and legal fees incurred by The Clearinghouse or Seller in collecting payment.
- 4. CONVEYANCING:** The Clearinghouse will endeavor to have copies of all conveyancing documents available for review at the Sale site prior to commencement of bidding on properties. Upon presentation of a paid invoice evidencing full payment, Buyer shall, at Seller's request, properly execute the original conveyancing documents ("Assignments") furnished by Seller. All Assignments executed by a corporation shall be attested to by the corporate secretary with corporate seal affixed thereto and properly notarized. Refusal by Buyer to either make full payment and/or properly execute the original Assignment(s) consummating the transfer of a property will, at Seller's option, result in forfeiture of the consideration paid for such property.

In order to effect a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, Seller reserves the right to assign its rights under this Agreement at any time on or before Sale Day. In the event of such assignment, Seller will notify The Clearinghouse in writing on or before Sale Day. The Clearinghouse will notify prospective Buyers on or before Sale Day and will notify the Buyer on Sale Day. Notwithstanding any such assignment of rights, Seller will directly convey legal title to the property from Seller to Buyer.

The Clearinghouse shall record all Assignments and furnish the original, recorded document to Buyer. At the time of settlement, and in addition to applicable recording fees, Buyer shall pay to The Clearinghouse a non-refundable recording service fee for each document recorded.

BUYER ACKNOWLEDGES THAT IT HAS REVIEWED AND UNDERSTANDS THE TERMS OF SELLER'S CONVEYANCE DOCUMENTS AND THAT THE CONVEYANCE DOCUMENTS MAY CONTAIN TERMS AND CONDITIONS IN ADDITION TO THOSE SET OUT HEREIN. BUYER ALSO UNDERSTANDS AND ACKNOWLEDGES THAT SOME TERMS CONTAINED IN SELLER'S CONVEYANCE DOCUMENTS MAY BE INCONSISTENT WITH THE TERMS AND CONDITIONS SET OUT HEREIN AND THAT IN THE EVENT OF ANY CONFLICT THE TERMS CONTAINED IN THE CONVEYANCE DOCUMENTS SHALL PREVAIL.

- 5. COMPLIANCE WITH AGREEMENTS AND REGULATIONS:** Buyer must comply with and shall be bound by any and all leases, operating agreements, farmout agreements and other contracts, as well as all governmental laws and regulations to which the properties may be subject. In addition, prior to title transfer on any property which may include the right to operate or involves governmental leases, Bidder must be qualified to assume such rights or hold such leases in accordance with applicable agreements and regulations. Buyer's failure to comply within 60 days (sixty) after the Sale with all applicable agreements, jurisdictional agency requirements, government regulations and, if applicable, qualify thereunder to the satisfaction of Seller and The Clearinghouse shall result in Seller and The Clearinghouse having the right to nullify the sale. Should Buyer fail or refuse to meet these terms, or the terms of any agreements or regulations, Buyer agrees to forfeit the purchase price as liquidated damages and to re-assign and return the property to Seller free and clear of any encumbrances which were not in existence prior to Seller's conveyance of the property to Buyer.
- 6. PRODUCTION IMBALANCES:** Buyer understands that certain of the properties being offered may be subject to oil and/or gas balancing obligations due to the overproduction or underproduction of hydrocarbons. Buyer has investigated (by operator contact or other appropriate means) and is aware of which properties being offered for sale are overproduced or underproduced and shall take any such production imbalances into account when bidding on any such property. Buyer shall be fully responsible for collecting on or discharging any balancing obligations affecting any property that Buyer may purchase and shall indemnify Seller and The Clearinghouse from and against any and all liabilities in connection with or arising out of any such balancing obligations.
- 7. PREFERENTIAL RIGHTS AND CONSENTS:** Buyer is aware of any and all preferential rights to purchase, requirements of consent to assignment and other restrictions on transfer which are set forth in the leases, operating agreements or other agreements to which the properties are

subject. Assignment of a property subject to any restrictions on transfer shall be made subject to such restrictions and the conveyance documents shall be retained by The Clearinghouse until the preferential rights, right of first refusal, right of consent or other right has been either exercised, waived or the required response time has elapsed.

8. **NO WARRANTIES:** ALL PROPERTIES ARE OFFERED AND WILL BE SOLD "AS IS", WITHOUT WARRANTY EXPRESS OR IMPLIED IN FACT OR BY LAW, WHETHER OF TITLE, OPERATING CONDITION, SAFETY, COMPLIANCE WITH GOVERNMENTAL REGULATIONS, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSES, ENVIRONMENTAL OR OTHER CONDITION OR OTHERWISE. ALL WELLS, PERSONAL PROPERTY, MACHINERY, EQUIPMENT AND FACILITIES THEREIN, THEREON AND APPURTENANT THERETO ARE TO BE CONVEYED BY SELLER AND ACCEPTED BY BUYER PRECISELY AND ONLY "AS IS, WHERE IS". Should Buyer subsequently determine that the interest actually received is less than described, Buyer shall have the right, for a period of sixty (60) days after the date such documents have been filed of record, to notify and furnish proof to Seller of such discrepancy. On or before thirty (30) days following receipt of such notification, Seller shall have the option to cure the defect giving rise to such interest discrepancy to Buyer's reasonable satisfaction, or refund to Buyer either: (i) the full selling price and receive a recordable reassignment of the property acceptable to Seller, containing special warranty of title effective as of the date of the original conveyance (subject to only such burdens and encumbrances existing at the time of the original conveyance from Seller), or (ii) a proportionate share of the selling price based on the net interest not actually delivered as it relates to the interest offered.

ALL DESCRIPTIONS, INFORMATION AND OTHER MATERIALS ("DATA") FURNISHED BY SELLER AND/OR THE CLEARINGHOUSE INCLUDING INFORMATION PUBLISHED IN SALE BROCHURES, ADVERTISEMENTS, CATALOGS OR ANY OTHER PROMOTIONAL MATERIALS, ARE FURNISHED SOLELY FOR CONVENIENCE PURPOSES AND ANY RELIANCE ON OR USE OF SUCH DATA IS AT BIDDER'S SOLE RISK. THE SELLER AND THE CLEARINGHOUSE MAKE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR CORRECTNESS OF SUCH DATA OR AS TO THE QUALITY OR QUANTITY OF THE HYDROCARBON RESERVES, IF ANY, ATTRIBUTABLE TO THE PROPERTIES, OR THE ABILITY OF ANY PROPERTY TO PRODUCE HYDROCARBONS.

9. **EFFECTIVE DATE OF TRANSFER:** Bidder/Buyer has carefully and fully examined all Assignments, letters-in-lieu and other conveyancing documents to be used in connection with the transfer of the properties, and is fully cognizant of the effective date of transfer. Unless otherwise specifically provided in the Assignment(s), all production, revenues and expenses accruing prior to 7:00 a.m. on the effective date ("Effective Time") of transfer shall remain with Seller. All production, revenue, expenses and liabilities accruing or asserted after such time shall be the responsibility of Buyer, including all cost and liabilities associated with well plugging, equipment removal and surface cleanup/restoration.
10. **RESPONSIBILITY FOR NOTIFICATION OF TRANSFER:** Buyer agrees to promptly furnish notification of transfer to the operator of any property sold and to any other party or entity as provided in any contracts or other agreements affecting such property. In the case of properties for which operations are being transferred, Buyer shall have made or will make arrangements for such transfer in a timely manner, including meeting all necessary partner, governmental or other approvals and other requirements necessary to either take over such responsibilities or deliver such responsibilities to other qualified and approved parties.
11. **PROHIBITION OF PURCHASES WITH INTENT TO RESELL:** Bidder acknowledges and represents that it is not purchasing any property with intent to resell. Should it be determined that any property has been acquired with such intent, such conveyance shall be immediately nullified and Buyer agrees to forfeit 25% of the purchase price and immediately reassign and return such property to Seller, effective as of the date of the original conveyance, free and clear of any encumbrances which were not in existence prior to Seller's conveyance of the property to Buyer.
12. **INDEMNIFICATION:** BIDDER/BUYER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS SELLER, THE CLEARINGHOUSE AND/OR ITS AUCTIONEERS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES, CONTRACTORS AND SUBCONTRACTORS, FROM ANY AND ALL CAUSES OF ACTION, CLAIMS, LOSSES, DAMAGES, INJURIES, COSTS AND EXPENSES OF WHATEVER KIND OR NATURE. THIS INDEMNIFICATION SHALL, WITHOUT LIMITATION, INCLUDE ANY LOSSES OR INJURIES ARISING OR SUSTAINED BY BIDDER OR BUYER'S EMPLOYEES, OFFICERS, DIRECTORS, AGENTS, AND CONSULTANTS PRIOR OR SUBSEQUENT TO THE EFFECTIVE TIME OF CONVEYANCE AS A RESULT OF (I) INJURY OR DEATH, (II) LOSS OR DESTRUCTION OF PROPERTY, (III) DEFECT IN TITLE, (IV) CONDITION OF THE PROPERTY OR PRODUCTION, (V) BIDDER/BUYER'S FAILURE TO CONDUCT A COMPLETE AND KNOWLEDGEABLE DUE DILIGENCE REVIEW, (VI) BUYER'S FAILURE TO PAY TAXES AND EXPENSES ATTRIBUTABLE TO THE PROPERTY PURCHASED AND (VII) BIDDER OR BUYER'S LOST OPPORTUNITY OR FAILURE TO PURCHASE AND/OR CLOSE ON ANY PROPERTY OFFERED IN THE SALE.
13. **ANNOUNCEMENTS:** Any announcements made by auctioneer or authorized personnel of The Clearinghouse prior to or during the Sale shall supersede and take precedence over any printed materials pertaining to the Sale.
14. **APPLICABLE LAW:** This Agreement shall be governed by the laws of the State of Texas.

Executed this _____ day of May, 2007.

(Company Name)

By: _____

Title: _____