

PARTICIPATION AGREEMENT

(Single Well)

_____ Prospect
_____ County, _____

This Participation Agreement (the "Agreement"), when fully executed, will evidence the agreement made and entered into between _____ (the "Operator") and _____ (the "Participant.") The Agreement between Operator and Participant is as follows:

1. Operator is the owner of the oil and gas leases covering the acreage (the "Leased Acreage") described as the Contract Area in the Operating Agreement attached to this Agreement as Exhibit "A" (the "Operating Agreement"). Participant desires to acquire an undivided _____ percent leasehold working interest in the Leased Acreage, and participate in drilling the _____ well, which will be an approximate _____ ft. test, which will be located on the Leased Acreage, approximately _____ ft. from the north line and _____ ft. from the east line of the _____ Survey in _____ County, _____, as depicted on the plat attached to this Agreement as Exhibit "B" (the "Initial Well"). The Initial Well will test the objectives set forth in the _____ Prospect geological brochure provided to Participant by Operator.

2. In order to acquire the working interest set out above, Participant agrees:

A. To deliver to Operator executed originals of (i) this Agreement; (ii) the Operating Agreement attached as Exhibit "A" and all exhibits to the Operating Agreement, in recordable form; and, (iii) the Authority for Expenditure attached to this Agreement as Exhibit "B" (the "Authority for Expenditure") which sets out the estimated leasehold costs and the estimated before casing point and after casing point tangible and intangible costs regarding the drilling and completion of the Initial Well.

B. To remit to Operator on execution of this Agreement, the balance due, if any, of Participant's proportionate share of the estimated leasehold cost and estimated tangible and intangible costs through casing point in connection with drilling the Initial Well; and,

C. To be responsible for and pay to Operator Participant's proportionate share of the actual leasehold and tangible and intangible costs incurred through casing point regarding the Initial Well (including plugging and abandonment costs if the well is a dry hole), plus Participant's proportionate share of any additional costs which may be incurred in the course of completing the Initial Well if Participant consents to the completion attempt in accordance with the Operating Agreement.

3. The oil and gas leases covering the Leased Acreage are burdened by royalty and overriding royalty interests aggregating a _____ percent of 8/8. The net revenue interest attributable to Participant's working interest in the Leased Acreage will be _____ percent of 8/8.

4. It is understood that as to the leasehold costs, and the costs of drilling the Initial Well (or a replacement well), Participant's working interest shall proportionally bear a _____ percent carried working interest burden in favor of Operator, as to all costs incurred through the casing point election for the well (including the cost of plugging and abandonment, if a decision is made to plug and abandon the well). Participant's working interest shall proportionately bear all other costs in accordance with the Operating Agreement.

5. Operator agrees to use its best efforts to cause operations to be commenced for the drilling of the Initial Well prior to _____. Upon the commencement of the operations, Operator agrees to prosecute operations with due diligence and in a

workmanlike manner until the well has been drilled to an approximate depth of _____ feet subsurface.

If Participant elects not to participate (goes non-consent) to the proposed setting of production casing in the Initial Well, and if completion operations result in the establishment of commercial production, in that event, Participant shall forfeit all of its interest in the Leased Acreage.

6. After fulfilling all of its obligations under this Agreement, and on payment to Operator of its proportionate share of all related costs, Participant will be given an assignment of its working interest, and related net revenue interest, in the Leased Acreage. The Assignment shall be in recordable form and shall warrant title against all parties claiming by, through, or under Operator, but not otherwise. The Assignment shall provide that the working interest assigned to Participant is and shall remain subject to the provisions of this Agreement and the Operating Agreement.

7. With respect to the leasehold working interest which Participant desires to acquire, Operator and Participant agree as follows:

A. Participant's percentage share of estimated leasehold acquisition costs and estimated tangible and intangible costs (including plugging and abandonment costs if the well is a dry hole) through the cost of casing point election, is \$ _____. Participant's estimated share of such costs is:

estimated leasehold acquisition costs:	\$ _____
Plus	
estimated costs through the casing point election	\$ _____
Total:	\$ _____

B. Participant's percentage share of the estimated tangible and intangible post casing point costs is _____ percent. Participant's estimated dollar share of such costs is: \$ _____

Participant tenders to Operator the executed Agreement, the executed Operating Agreement attached as Exhibit "A," the executed Authority for Expenditure attached as Exhibit "B," and Participant's payment for the balance due, if any, for its proportionate share of estimated leasehold costs and estimated tangible and intangible costs through the casing point election in the Initial Well.

Operator and Participant cause this Agreement to be executed by their duly authorized representatives, to be effective as of _____.

Operator:

Participant:

By:

By:

Mailing Address:

Mailing Address:

Social Security or Tax Identification No:

Social Security or Tax Identification No:

Telephone Number:

Telephone Number:

Fax Number:

Fax Number:

E-Mail Address:

E-Mail Address:

[Exhibit "A": Operating Agreement]

[Exhibit "B": Authority for Expenditure]