

CRUDE OIL DIVISION ORDER

TO: Kentucky Oil Gathering LLC
1301 McKinney St, Ste 1600
Houston, Texas 77010

Phone: 1-888-839-6348

EFFECTIVE DATE: First Production AT 7:00 A.M.

In consideration of the purchase of crude oil by Kentucky Oil Gathering LLC, ("Purchasers"), each of the undersigned hereby certifies and warrants that as of Effective Date it is the legal owner ("Owner") in the proportions set out below and is entitled to receive payment for the crude oil from the following well or well(s):

OPERATOR: _____
 (Include Phone Number)

FARM, LEASE OR UNIT NAME: _____

WELL NUMBER(S): _____ **API WELL NO.** _____

TOWNSHIP OR DISTRICT: _____ **SECTION:** _____

COUNTY: _____ **STATE:** KY

DIVISION OF INTEREST TABLE

Division of Interest (%) (Decimal/Fraction/Type*)	Credit To (Name) and Federal ID # or SS #	Mailing Address

* Type: WI = Working Interest; RI = Royalty Interest; OR = Overriding Royalty Interest; OP = Oil Payment

PLEASE ACKNOWLEDGE ON THE BACK OF THIS DIVISION ORDER THAT THE TERMS AND CONDITIONS ARE A PART OF THIS DIVISION ORDER AND ARE BINDING UPON THE UNDERSIGNED OWNERS AND THEIR SUCCESSORS, LEGAL REPRESENTATIVES, HEIRS AND ASSIGNS:

The following terms and conditions are a part of this division order:

1. Beginning with the Effective Date and unless terminated by the Owner or Purchaser by giving thirty (30) days advance, written notice, Purchaser or its nominee is authorized to enter upon and receive, remove, purchase and give credit for crude oil from the property identified above.
2. All crude oil run and taken hereunder shall be of good and merchantable quality and suitable for refining into finished product. The Owner shall steam or treat the crude oil, if necessary, to make it merchantable. Purchaser or its nominee may refuse to receive any crude oil not considered to be merchantable or refinable into finished product. If Purchaser elects to accept produced brine it will charge for transportation and disposal services in accordance with its rates and conditions in effect at the time the brine is transported. The Operator may elect to be invoiced for brine service or may request that the amounts due be deducted from crude oil payments due to working interest Owners hereunder. In the event that the Operator elects to be billed for brine services and fails to pay Purchaser the amounts due, including late payment penalties, the amounts due may be deducted from future crude oil payments to working interest Owners.

3. Measurements of quantities of crude oil shall be computed based upon generally accepted tank tables or from acceptable metering facilities. Corrections shall be made for temperature and impurities pursuant to measuring and testing methods customarily used in the crude oil industry in the area. Purchaser may deduct up to one percent (1%) of the volume gathered at the wellhead to account for evaporation, loss or shrinkage.
4. The Price to be paid shall be the average price per barrel (42 U.S. gallons) for the same kind and quantity of crude oil applicable to the particular property and well(s) in the month when such crude oil is run, less any applicable taxes or transportation fees charged to or by Purchaser. Contact us for detailed pricing information.
5. Purchaser shall pay the Owner by check, mailed to the Owner at the address appearing above, to the interest as indicated in the Division of Interest appearing above during the next calendar month following Purchaser's receipt of such oil.
6. In the event the amount owing to any Owner is less than fifty dollars (\$50.00), Purchaser may, at its election, defer payment to such Owner until such time that the payment owed to such Owner is equal to or exceeds fifty dollars (\$50.00). Owner may request payments of less than one hundred dollars (\$50.00) and, if so requested, Purchaser may deduct up to a two dollar (\$2.00) handling fee from such payment.
7. Owners shall promptly notify Purchaser in writing of any change in interest or ownership. No change shall be binding upon Purchaser until a transfer order and the recorded instrument evidencing such transfer or a certified copy thereof or such additional evidence as Purchaser shall require is received by Purchaser. Purchaser reserves the right to reject any proposed transfer which is not full and complete and in any event Purchaser is relieved of any responsibility for determining if and when any of the interest herein set forth shall or should revert to or be owned by other parties.
8. In the event of any dispute, adverse claim or lien affecting title of any ownership set forth herein, the person credited with title and ownership hereby authorizes Purchaser to suspend payment of the sale proceeds of such affected interest, without any obligation to pay interest on the amount so suspended. Such suspension of payments shall continue until the dispute, claim or lien is settled or finally determined by a court of law. If Purchaser withholds payments pursuant to the provisions herein, Owner agrees to indemnify Purchaser for any taxes (together with the interest and penalties incident thereto), and agree that Purchaser may deduct all such taxes, interest and penalties from the amounts paid.
9. The Owner warrants that it has the right to sell all crude oil sold under this Division Order and agrees jointly and severally to indemnify and hold Purchaser harmless against all claims, losses, damages and expenses, including attorney's fees asserted by anyone claiming any title to the interest in crude oil sold hereunder, or the proceeds thereof (collectively the "Claims"), and against all loss, damage and expense (including court costs and reasonable attorney's fee) incurred by Purchaser by reason of any such Claims.
10. Operator warrants that it has the legal authority to authorize Purchaser to enter upon and receive, remove, purchase and give credit for crude oil from the property identified above and will indemnify and hold Purchaser harmless against all claims, losses, damages and expenses, including attorney's fees, asserted by anyone claiming that Operator has no such legal right.
11. The Owner agrees to indemnify and hold Purchaser harmless from any liability for, or from its compliance with, any tax, levy, charge, assessment, penalty, judgment, or order imposed by any governmental authority pertaining to the interest of the Owner such that Purchaser shall be fully indemnified and held harmless against any loss or damage as well as reimbursed for its expenses and attorney's fees that are reasonably incurred.
12. In the event the number of Owners set forth above exceeds eight (8), Purchaser reserves the right to require the written designation of a common agent to receive payment for the several holders thereof, signed by all Owners of the interests so combined.
13. This division order is governed by the laws of the State of Ohio.
14. This division order may be assigned by Purchaser to its parent or affiliates without notice. If Purchaser assigns this division order to an unaffiliated third party, it will provide Owner notice of such assignment within thirty (30) days following such assignment. Owner may assign its rights under this division order subject to the transfer order requirement set forth above.
15. Failure by any Owner to sign this division order shall in no way alter the terms and conditions of purchase set forth in this division order. **The Owners identified above agree to be bound by the terms and conditions of this Division Order as of the effective date written above.**

Two Witnesses for Each Signature	Date	Interest Owner Signature (Indicate official capacity if signing on behalf of a legal entity)	Social Security or Federal Tax I.D. Number

IMPORTANT: In order to be paid we must have your correct Social Security or Federal Tax Identification Number and address as required by the IRS. All signatures must be signed exactly as they appear on the Division of Interest Table on the front.