CROW TRIBAL LEGISLATURE
JUNE 1, 2005 SPECIAL SESSION

JOINT ACTION RESOLUTION NO. JAR05-05

INTRODUCED BY CARL E. VENNE, CHAIRMAN
CROW TRIBAL EXECUTIVE BRANCH

JOINT ACTION RESOLUTION OF THE CROW TRIBAL LEGISLATURE AND THE CROW TRIBAL EXECUTIVE BRANCH ENTITLED:

"FINAL APPROVAL OF THE COALBED METHANE EXPLORATION AND DEVELOPMENT AGREEMENT BETWEEN THE CROW TRIBE OF INDIANS AND ALLIANCE ENERGY GROUP, LLC."

WHEREAS, the Chairman of the Executive Branch has authority and responsibility pursuant to the "enumerated powers" in Article IV, Section 3(f) of the Constitution and Bylaws of the Crow Tribe of Indians to "negotiate and approve or prevent any sale, disposition, lease or encumbrance of Tribal lands, interests in lands or other Tribal assets, including buffalo, minerals, gas and oil with final approval granted by the Legislative Branch," and in Article IV Section 3(k) to "negotiate and approve limited waivers of sovereign immunity when such a waiver is necessary for business purposes in accordance with Article V, Section 2(f) of [the] Constitution;" and

WHEREAS, the Chairman of the Executive Branch, with the delegated assistance of the Oil and Gas Committee headed by the Secretary of the Executive Branch, has negotiated an Exploration and Development Agreement between the Crow Tribe of Indians and Alliance Energy Group, LLC (the "Agreement"), for the exploration and production of coalbed methane ("CBM") on up to two townships within the Crow Reservation, a copy of which is attached hereto and incorporated by reference; and

WHEREAS, the Legislative Branch has authority and responsibility pursuant to its "powers and duties" in Article V, Section 2(d) of the Constitution "to grant final approval or disapproval of items negotiated by the Executive Branch of Government pertinent to the sale, disposition, lease or encumbrance of Tribal lands, interests in lands or mineral assets," and in Article V, Section 2(f) to "grant final approval or disapproval of limited waivers of sovereign immunity by the Executive Branch when waivers are necessary for business purposes;" and

WHEREAS, a Joint Action Resolution for approval of the Agreement was duly submitted by the Executive Branch for the April 2005 Session of the Legislature in compliance with Article V, Section 7 of the Constitution; the Agreement has since been finalized by the Oil and Gas Committee in further negotiations with Alliance; the Chairman has requested a Special Session for the purpose of considering the approval of the Agreement; and the Speaker has duly called a Special Session for that purpose on June 1, 2005; and

Crow Legislative Branch
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WHEREAS, exploration for and development of Tribal CBM resources is in the best interests of the Tribe and Tribal members, and the Agreement provides for such exploration and development on a fair, environmentally responsible, and commercially sound basis, and the limited waiver of the Tribe's sovereign immunity in the Lease is necessary for business purposes; and

WHEREAS, after approval by the Legislature and Executive Branch of the Crow Tribe, the Agreement is subject to approval by the Secretary of the Interior or her designee, pursuant to the Indian Mineral Development Act of 1982 (25 U.S.C. § 2101, *et seq.*) and other applicable Federal law;

NOW THEREFORE, BE IT RESOLVED BY THE LEGISLATURE AND THE EXECUTIVE BRANCH OF THE CROW TRIBE:

Section 1. That the "Exploration and Development Agreement" between the Crow Tribe of Indians and Alliance Energy Group, LLC, including the limited waiver of sovereign immunity contained therein, and the Minerals Agreement and all other Exhibits, attached hereto and incorporated by this reference, is hereby granted final approval pursuant to Article V, Sections 2(d) and 2(f) of the Constitution and Bylaws of the Crow Tribe.

Section 2. That the Chairman of the Executive Branch is authorized to sign and execute the above-referenced Agreement on behalf of the Crow Tribe, and to take such further actions as are necessary to implement and administer the Agreement.

Section 3. That the final approval granted herein is effective on the date of approval of this Resolution, and is subject only to such further approvals as are required by Federal law.

CERTIFICATION

I hereby certify that this Joint Action Resolution was duly approved by the Crow Tribal Legislature with a vote of 16 in favor, 1 opposed, and 0 abstained and that a quorum was present on this 1ST day of June, 2005.

Speaker of the House
Crow Tribal Legislature

ATTEST:

Secretary, Crow Tribal Legislature

EXECUTIVE ACTION

I hereby

__✓__ approve,

_____ veto

this Joint Action Resolution for Final Approval of the Coalbed Methane Exploration and Development Agreement between the Crow Tribe and Alliance Energy Group, LLC, pursuant to the authority vested in the Chairman of the Crow Tribe by Article V, Section 8 and Article IV, Sections 3(f) and 3(k) of the Constitution and Bylaws of the Crow Tribe of Indians on this

__6__ day of __June__, 2005.

Chairman, Executive Branch
Crow Tribe of Indians

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Special Session
Oil & Gas Lease between
Crow Tribe & Alliance Energy Group, LLC.

Bill or Resolution Number JARS-05 Introduced by: Executive Date of Vote 6-1-05
Representative

	Yes	No	Abstain
B. Cloud	X		
C. Goes Ahead	X		
O. Costa	X		
V. Crooked Arm	X		
R. Iron	X		
J. Stewart	X		
E. Fighter	X		
L. Costa	X		
L. Hogan	X		
D. Old Elk	X		
K. Real Bird	X		
E. Pease	X		
S. Medicine Horse	X		
L. Not Afraid	X		
P. Real Bird			
D. Wilson		X	
J. Stone *Secretary of the House*	X		
W. Plain Feather *Speaker of the House*	X		
Totals:	16	1	0

Results of Vote:
(Passed) Not Passed Tabled Veto Override

Signature of Officer: Wm Plain Feather Date: 6-1-05

Crow Tribal Executive Branch
CROW TRIBE
Apsaalooke Nation

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

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

_____ , _____ ,
year

OPERATOR **ALLIANCE ENERGY GROUP, LLC**

CONTRACT AREA **SEE EXHIBIT A-1**

COUNTY OR PARISH OF _____ , STATE OF **MONTANA**

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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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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between ALLIANCE ENERGY GROUP, LLC, 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 as a producer of 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, whichever is the lesser.

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," Form of Lease.

X C. Exhibit "C," Accounting Procedure.

X D. Exhibit "D," Insurance.

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

_____ F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities.

_____ G. Exhibit "G," Tax Partnership.

_____ H. Other: _____

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If any provision of any exhibit, except Exhibits "E," "F" and "G," 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 the form of Oil and Gas Lease attached hereto as Exhibit "B," 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, 19% 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.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with Leases or Oil and Gas Interests contributed by such 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."

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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 (1) the title to the Drillsite or Drilling Unit, if appropriate, has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the Drilling Parties in such well.

B. Loss or Failure of Title:

1. Failure of Title: Should any Oil and Gas Interest or Oil and Gas Lease be lost through failure of title, which results in a reduction of interest from that shown on Exhibit "A," the party credited with contributing the affected Lease or Interest (including, if applicable, a successor in interest to such party) shall have ninety (90) days from final determination of title failure to acquire a new lease or other instrument curing the entirety of the title failure, which acquisition will not be subject to Article VIII.B., and failing to do so, this agreement, nevertheless, shall continue in force as to all remaining Oil and Gas Leases and Interests; and,

(a) The party credited with contributing the Oil and Gas Lease or Interest affected by the title failure (including, if applicable, a successor in interest to such party) shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development or operating costs which it may have previously paid or incurred, but there shall be no additional liability on its part to the other parties hereto by reason of such title failure;

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the Lease or Interest which has failed, but the interests of the parties contained on Exhibit "A" shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose Lease or Interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the Lease or Interest failed;

(c) If the proportionate interest of the other parties hereto in any producing well previously drilled on the Contract Area is increased by reason of the title failure, the party who bore the costs incurred in connection with such well attributable to the Lease or Interest which has failed shall receive the proceeds attributable to the increase in such interest (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well attributable to such failed Lease or Interest;

(d) Should any person not a party to this agreement, who is determined to be the owner of any Lease or Interest which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded;

(e) Any liability to account to a person not a party to this agreement for prior production of Oil and Gas which arises by reason of title failure shall be borne severally by each party (including a predecessor to a current party) who received production for which such accounting is required based on the amount of such production received, and each such party shall severally indemnify, defend and hold harmless all other parties hereto for any such liability to account;

(f) No charge shall be made to the joint account for legal expenses, fees or salaries in connection with the defense of the Lease or Interest claimed to have failed, but if the party contributing such Lease or Interest hereto elects to defend its title it shall bear all expenses in connection therewith; and

(g) If any party is given credit on Exhibit "A" to a Lease or Interest which is limited solely to ownership of an interest in the wellbore of any well or wells and the production therefrom, such party's absence of interest in the remainder of the Contract Area shall be considered a Failure of Title as to such remaining Contract Area unless that absence of interest is reflected on Exhibit "A."

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, or other payment necessary to maintain all or a portion of an Oil and Gas Lease or interest is not paid or is erroneously paid, and as a result a Lease or Interest terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new Lease or Interest covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties reflected on Exhibit "A" shall be revised on an acreage basis, effective as of the date of termination of the Lease or Interest involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the Lease or Interest which has terminated. If the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of Oil and Gas attributable to the lost Lease or Interest, calculated on an acreage basis, for the development and operating costs previously paid on account of such Lease or Interest, it shall be reimbursed for unrecovered actual costs previously paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of Oil and Gas produced prior to termination of the Lease or Interest, less operating expenses and lease burdens chargeable hereunder to the person who failed to make payment, previously accrued to the credit of the lost Lease or Interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds of Oil and Gas, less operating expenses and lease burdens chargeable hereunder to the person who failed to make payment, up to the amount of unrecovered costs attributable to that portion of Oil and Gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such Lease or Interest termination, would be attributable to the lost Lease or Interest on an acreage basis and which as a result of such Lease or Interest termination is credited to other parties, the proceeds of said portion of the Oil and Gas to be contributed by the other parties in proportion to their respective interests reflected on Exhibit "A"; and,

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the Lease or Interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses of Leases or Interests committed to this agreement, other than those set forth in Articles IV.B.1. and IV.B.2. above, 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.

4. Curing Title: In the event of a Failure of Title under Article IV.B.1. or a loss of title under Article IV.B.2. above, any Lease or Interest acquired by any party hereto (other than the party whose interest has failed or was lost) during the ninety (90) day period provided by Article IV.B.1. and Article IV.B.2. above covering all or a portion of the interest that has failed or was lost shall be offered at cost to the party whose interest has failed or was lost, and the provisions of Article VIII.B. shall not apply to such acquisition.

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Apsaalooke Nation

ARTICLE V.
OPERATOR

A. Designation and Responsibilities of Operator:

ALLIANCE ENERGY GROUP, LLC 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.

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.

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

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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:~~ **AS SET FORTH IN THE EXPLORATION AND DEVELOPMENT AGREEMENT BETWEEN ALLIANCE ENERGY GROUP, LLC AND THE CROW TRIBE OF INDIANS, DATED _____, 2005, TO WHICH THIS OPERATING AGREEMENT IS ATTACHED.**

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

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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, exclusive of Saturday, Sunday and legal holidays. 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. Any proposal by a party to conduct an operation conflicting with the operation initially proposed shall be delivered to all parties within the time and in the manner provided in Article VI.B.6.

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 (exclusive of Saturday, Sunday, and legal holidays) 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, and the time permitted for such a response shall not exceed a total of forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays). 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 Articles VI.B.6. 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,

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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) 100 % 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) 200 % 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.

Notwithstanding anything to the contrary in this Article VI.B., if the well does not reach the deepest objective Zone described in the notice proposing the well for reasons other than the encountering of granite or practically impenetrable substance or other condition in the hole rendering further operations impracticable, Operator shall give notice thereof to each Non-Consenting Party who submitted or voted for an alternative proposal under Article VI.B.6. to drill the well to a shallower Zone than the deepest objective Zone proposed in the notice under which the well was drilled, and each such Non-Consenting Party shall have the option to participate in the initial proposed Completion of the well by paying its share of the cost of drilling the well to its actual depth, calculated in the manner provided in Article VI.B.4. (a). If any such Non-Consenting Party does not elect to participate in the first Completion proposed for such well, the relinquishment provisions of this Article VI.B.2. (b) shall apply to such party's interest.

(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 _____% 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,

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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 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."

6. Order of Preference of Operations. Except as otherwise specifically provided in this agreement, if any party desires to propose the conduct of an operation that conflicts with a proposal that has been made by a party under this Article VI, such party shall have fifteen (15) days from delivery of the initial proposal, in the case of a proposal to drill a well or to perform an operation on a well where no drilling rig is on location, or twenty-four (24) hours, exclusive of Saturday, Sunday and legal holidays, from delivery of the initial proposal, if a drilling rig is on location for the well on which such operation is to be conducted, to deliver to all parties entitled to participate in the proposed operation such party's alternative proposal, such alternate proposal to contain the same information required to be included in the initial proposal. Each party receiving such proposals shall elect by delivery of notice to Operator within five (5) days after expiration of the proposal period, or within twenty-four (24) hours (exclusive of Saturday, Sunday and legal holidays) if a drilling rig is on location for the well that is the subject of the proposals, to participate in one of the competing proposals. Any party not electing within the time required shall be deemed not to have voted. The proposal receiving the vote of parties owning the largest aggregate percentage interest of the parties voting shall have priority over all other competing proposals; in the case of a tie vote, the

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initial proposal shall prevail. Operator shall deliver notice of such result to all parties entitled to participate in the operation within five (5) days after expiration of the election period (or within twenty-four (24) hours, exclusive of Saturday, Sunday and legal holidays, if a drilling rig is on location). Each party shall then have two (2) days (or twenty-four (24) hours if a rig is on location) from receipt of such notice to elect by delivery of notice to Operator to participate in such operation or to relinquish interest in the affected well pursuant to the provisions of Article VI.B.2.; failure by a party to deliver notice within such period shall be deemed an election not to participate in the prevailing proposal.

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.

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. 1: All necessary expenditures for the drilling, Deepening or Sidetracking, testing, Completing and equipping of the well, including necessary tankage and/or surface facilities.

☐ 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 forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) 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 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 FIFTEEN THOUSAND Dollars ($ 15,000) 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 FIFTEEN THOUSAND Dollars ($ 15,000). 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 (but not including the installation of gathering lines or other transportation or marketing facilities, the installation of which shall be governed by separate agreement between the parties) 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 _____% 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

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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 (exclusive of Saturday, Sunday and legal holidays) 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 (exclusive of Saturday, Sunday and legal holidays) 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 sixty (60) days of delivery of notice of proposed abandonment shall be deemed an election to consent to the proposal. If, within sixty (60) 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; provided, however, that in the event the estimated plugging and abandoning and surface restoration costs and the estimated cost of salvaging are higher than the value of the well's salvable material and equipment, each of the abandoning parties shall tender to the parties continuing operations their proportionate shares of the estimated excess cost. 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 the form attached as Exhibit "B." 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 request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well. 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 **66.67** % 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 take in kind or 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 or 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

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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. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) 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 ten (10) 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 not previously delivered to a purchaser. 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.

Any such sale 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 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' separate disposition of its 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.

☐ **Option No. 2: No Gas Balancing Agreement:**

Each party shall take in kind or 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 expenditures incurred in the taking in kind or 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 and/or Gas 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 and/or Gas or sell it to others at any time and from time to time, for the account of the non-taking party. Any such purchase or sale by Operator may be terminated by Operator upon at least ten (10) 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 ten (10) days written notice to Operator to exercise its right to take in kind, or separately dispose of, its share of all Oil and/or Gas not previously delivered to a purchaser; 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 ten (10) -day period. Any purchase or sale by Operator of any other party's share of Oil and/or Gas 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.

Any such sale by Operator shall be in a manner commercially reasonable under the circumstances, but Operator shall have no duty to share any existing market or transportation arrangement or to obtain a price or transportation fee equal to that received under any existing market or transportation arrangement. The sale or delivery by Operator of a non-taking party's share of production 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 of Oil and Gas and no sale of Gas shall be made by Operator without first giving the non-taking party ten days written notice of such intended purchase or sale and the price to be paid or the pricing basis to be used. Operator shall give notice to all parties of the first sale of Gas from any well under this Agreement.

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.

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. 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.

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:

Operator, at its election, shall have the right from time to time to 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 hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

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 preceding Article VII.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

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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: Any party may 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. If election is made to proceed under this provision, then the non-defaulting parties may not elect to sue for the unpaid amount pursuant to Article VII.D.2.

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 at its or their expense. 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.2.

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."

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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 the form attached hereto as Exhibit "B." Upon such assignment or lease, 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 other than the royalties retained in any lease made under the terms of this Article. 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 such value is less than such costs, then the party assignor or lessor shall pay to the party assignee or lessee the amount of such deficit. 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, lessor'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 or Extension of Leases:

If any party secures a renewal or replacement of an Oil and Gas Lease or Interest subject to this agreement, 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 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 a 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 a 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 a 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 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 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.

Crow Tribe Water Engineering Branch
CROW TRIBE
Apsaalooke Nation

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.

~~**F. Preferential Right to Purchase:**~~

~~☐ (Optional; Check if applicable.)~~

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and interests in the Contract Area, it shall promptly give written notice to the other parties, with full information concerning its proposed disposition, which shall include the name and address of the prospective transferee (who must be ready, willing and able to purchase), the purchase price, a legal description sufficient to identify the property, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after the notice is delivered, to purchase for the stated consideration on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to transfer title to its interests to its mortgagee in lieu of or pursuant to foreclosure of a mortgage of its interests, or to dispose of its interests by merger, reorganization, consolidation, or by sale of all or substantially all of its Oil and Gas assets to any party, or by transfer of its interests to a subsidiary or parent company or to a subsidiary of a parent company, or to any company in which such party owns a majority of the stock.~~

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 I, 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 FIFTEEN THOUSAND Dollars ($ 15,000) 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.

Crow Tribal Land Department Branch
CROW TRIBE
Apsaalooke Nation

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, lightening, 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 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. 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 or telex machine 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 or facsimile, 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 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.

☐ Option No. 2: In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in the Completion of a well as a well capable of production of Oil and/or Gas in paying quantities, this agreement shall continue in force so long as any such well is capable of production, and for an additional period of _____ days thereafter; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling, Reworking, Deepening, Sidetracking, Plugging Back, testing or attempting to Complete or Re-complete a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is capable of producing Oil and/or Gas from the Contract Area, this agreement shall terminate unless drilling, Deepening, Sidetracking, Completing, Re-completing, Plugging Back or Reworking operations are commenced within _____ days from the date of abandonment of said well. "Abandonment" for such purposes shall mean either (i) a decision by all parties not to conduct any further operations on the well or (ii) the elapse of 180 days from the conduct of any operations on the well, whichever first occurs.

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: AS SET FORTH IN THE DEVELOPMENT AND EXPLORATION AGREEMENT

~~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 _____ 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

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Apsaalooke Nation

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. Operator may, however, by written notice to all Non-Operators who have become bound by this agreement as aforesaid, given at any time prior to the actual spud date of the Initial Well but in no event later than five days prior to the date specified in Article VI.A. for commencement of the Initial Well, terminate this agreement if Operator in its sole discretion determines that there is insufficient participation to justify commencement of drilling operations. In the event of such a termination by Operator, all further obligations of the parties hereunder shall cease as of such termination. In the event any Non-Operator has advanced or prepaid any share of drilling or other costs hereunder, all sums so advanced shall be returned to such Non-Operator without interest. In the event Operator proceeds with drilling operations for the Initial Well without the execution hereof by all persons listed on Exhibit "A" as having a current working interest in such well, Operator shall indemnify Non-Operators with respect to all costs incurred for the Initial Well which would have been charged to such person under this agreement if such person had executed the same and Operator shall receive all revenues which would have been received by such person under this agreement if such person had executed the same.

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 OPERATING AGREEMENT IS MADE EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS OF THE EXPLORATION AND DEVELOPMENT AGREEMENT TO WHICH IT IS ATTACHED. IF ANY PROVISIONS OF THIS OPERATING AGREEMENT CONFLICT WITH OR ARE INCONSISTENT WITH ANY PROVISIONS OF THE EXPLORATION AND DEVELOPMENT AGREEMENT, THE TERMS AND PROVISIONS OF THE EXPLORATION AND DEVELOPMENT AGREEMENT SHALL CONTROL, GOVERN AND PREVAIL.

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Apsaalooke Nation

IN WITNESS WHEREOF, this agreement shall be effective as of the _____ day of _____, _____.

_____, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and, with the exception(s) listed below, is identical to the AAPL Form 610-1989 Model Form Operating Agreement, as published in computerized form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those made by strikethrough and/or insertion and that are clearly recognizable as changes in Articles _____, have been made to the form.

ATTEST OR WITNESS:

OPERATOR

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

NON-OPERATORS

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

_____

_____ By _____

_____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

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ACKNOWLEDGMENTS

Note: The following forms of acknowledgment are the short forms approved by the Uniform Law on Notarial Acts. The validity and effect of these forms in any state will depend upon the statutes of that state.

Individual acknowledgment:

State of _____)

) ss.

County of _____)

This instrument was acknowledged before me on

_____ by _____

(Seal, if any) _____

Title (and Rank) _____

My commission expires: _____

Acknowledgment in representative capacity:

State of _____)

) ss.

County of _____)

This instrument was acknowledged before me on

_____ by _____ as

_____ of _____.

(Seal, if any) _____

Title (and Rank) _____

My commission expires: _____

Crow Legislative Branch CROW TRIBE Apsaalooke Nation

Final Version

EXPLORATION AND DEVELOPMENT AGREEMENT

This Exploration and Development Agreement ("Agreement") is dated May __, 2005, and is by and between **The Crow Tribe of Indians, Crow Indian Reservation**, a federally recognized Indian tribe, (the "Nation"), and **Alliance Energy Group, LLC**, ("Alliance").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

0. DEFINITIONS. The following terms and phrases used in this Agreement shall have the following meanings:

"**Additional Well**" means any well, other than a Pilot Project, drilled within lands on which Alliance has acquired a Minerals Agreement.

"**AMI**" means the Area of Mutual Interest described in Exhibit A as finalized in the Final Land Report.

"**AMI Bonus**" means an amount equal to $10 per net mineral acre owned by the Nation in the AMI.

"**AMI Rights**" means the exclusive and sole access to the AMI acreage, as it from time to time exists, for all activities and operations in connection with the exploration and development of the AMI lands for coalbed methane, including without limitation, shooting seismic, fieldwork, exploration and development drilling, development and production operations and marketing activities.

"**Approval Date**" means the date on which this Agreement has been approved by the Bureau of Indian Affairs.

"**Commence Drilling**" or "**Commencement of Drilling**" means the spudding of a well.

"**Completion**", "**Complete**" or "**Completed**" means, with respect to a well drilled hereunder, the later of the date of drilling rig release or completion rig release, or with respect to a Pilot Project, the completion of all wells within the Pilot Project and the completion of all Infrastructure for the Pilot Project.

"**Continuous Work Program**" means that not more than 30 days elapse between the Completion of one Pilot Project and the Commencement of Drilling of the first well in the next subsequent Pilot Project.

"**Continuous Work Program Reports**" means a quarterly report furnished by Alliance to the Nation setting forth the operations and activities comprising the Continuous Work Program. Alliance shall furnish the Continuous Work Program Report within 15 days following the end of each calendar quarter.

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"**Earning Well**" means any well drilled hereunder that is completed as a well capable of producing oil and/or gas in commercial quantities, or which is producing water in anticipation of obtaining production of gas in commercial quantities.

"**Effective Date**" means the date on which Alliance receives the written approval of this Agreement from the Bureau of Indian Affairs.

"**Extension Term**" means a one year extension to all AMI Rights, as defined in the Initial Term, immediately following the expiration of the Initial Term or any prior Extension Term with respect to any AMI.

"**Final Land Report**" means a report provided by Alliance following the Nation's 15-day cure period, as set forth in Section 1.1, setting forth the determination of the amount of acreage and net mineral acres owned by the Nation in the AMI, and specifying which of the lands, if any, remain subject to Title Defects.

"**Force Majeure Conditions**" means causes or conditions beyond the reasonable control of Alliance. Without limiting the generality of the foregoing, Force Majeure Conditions shall specifically include delays for permitting and archeological studies, as long as those delays are beyond the reasonable control of Alliance.

"**Infrastructure**" means all facilities required for the development and production of all wells within a Pilot Project, including, without limitation, all gas and water pipelines, field compression, electric power facilities, access and service roads and related facilities from the wells to and at a central delivery point ("CDP") and meter runs at the CDP.

"**Initial Land Report**" means a report provided by Alliance setting forth the determination of the amount of acreage and net mineral acres owned by the Nation in the AMI, and specifying which of the lands, if any, are subject to Title Defects.

"**Initial Permits**" has the meaning given in Section 2.1.

"**Initial Term**" means, with respect to the AMI, a period of 3 years following the Approval Date.

"**JOA**" means the joint operating agreement in the form attached as Exhibit C.

"**Minerals Agreement**" means a Minerals Agreement in the form attached hereto as Exhibit B.

"**160-acre unit**" means the quarter governmental section where an Earning Well or an Additional Well has been drilled.

"**Pilot Project**" means the drilling of a minimum of four (4) wells within a geographic area in which all such wells shall be served by the same infrastructure, and includes all Infrastructure for the Pilot Project.

"**Payout**" is defined in Section 4.2.

"**Sacred Sites**" means any specific, discrete, narrowly delineated location on the Crow Indian

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CROW TRIBE
Apsaalooke Nation

Reservation, including sacred springs, shrines, or other sites having past or present religious significance; hideaway places for relics or sacred objects, whether ancient or recent; geological formations or natural resources of sacred, historical, or scientific interest; gravesites, both ancient and recent; abandoned homesites; and homesites not abandoned but located at places of sacred, historical or scientific interest and as may further be defined or described under the Native American Graves Protection and Repatriation Act of 1990 (Public Law No.101-601) ("NAGPRA") and the NAGPRA Regulations (43 CFR Part 10).

"**Title Defect**" means any lien, encumbrance, encroachment, or defect associated with the Nation's title that would cause the Nation not to have defensible title to any portion of the lands subject to this Agreement.

"**Working Interest**" means the right to explore and drill for, develop, take, produce, remove, store, treat, process, transport and market minerals, and the right to proceeds from the sale of minerals produced, subject to a proportionate share of costs, expenses and burdens attributable to the exploration for, development, production, processing and marketing of such minerals.

1. AREA OF MUTUAL INTEREST.

1.1 **Designation of AMI**. This Agreement pertains to and covers the Area of Mutual Interest ("AMI"), as more fully described and depicted in Exhibit A, covering approximately 46,000 acres. The foregoing acreage amounts are estimates and are subject to verification upon land and title due diligence reviews to be concluded by Alliance no later than the date that is 180 days following the execution of this Agreement. Upon completion of the due diligence review, Alliance shall submit its Initial Land Report to the Nation and to the Bureau of Indian Affairs. If Alliance's determination of the amount of acreage and net mineral acres in the AMI, as set forth in the Initial Land Report, differs from the estimates set forth above, Alliance shall, in the Initial Land Report, specify the Title Defects resulting in any variance. The Nation shall use its reasonable efforts to cure any Title Defects set forth within the Initial Land Report within 15 days following receipt of the Initial Land Report, but shall have no liability for any failure to cure any Title Defects. Within 5 days following that 15-day period, Alliance shall submit its Final Land Report, which shall set forth the lands that Alliance elects to exclude from this Agreement due to Title Defects that were not cured to Alliance's satisfaction and that Alliance is not willing to waive. The Final Land Report shall be the basis on which the final payment of the AMI Bonus is made.

1.2 **AMI Bonus Payment**. Alliance shall pay the Nation the AMI Bonus payment for the rights granted hereunder. The AMI Bonus payment will be equal to $10 per net mineral acre owned by the Nation in the AMI, as determined by the Final Land Report, or if Alliance is willing to waive any Title Defects, such acreage affected by the Title Defects shall also be included in the calculation of the bonus payment. Upon the execution of this Agreement, Alliance shall pay the Nation the sum of $184,320, representing one-half of $10 per gross acre, reduced by the Nation's estimate of non-Tribal minerals contained within the AMI ("Initial Bonus Payment"). The balance of the AMI Bonus will be due on the later of final approval of this Agreement by the Bureau of Indian Affairs or one year following execution of the Agreement, and will be an amount equal to $10 per net mineral acre owned by the Tribe, as determined by the Final Land Report, less the amount of the Initial Bonus Payment. If the Bureau of Indian Affairs refuses to approve this Agreement, the amounts paid by Alliance shall

CROW TRIBE Apsaalooke Nation

be refunded to Alliance.

1.3 **Rights Acquired by Bonus Payment**. Upon the Approval Date, and subject to the payment of the Initial Bonus Payment under Section 1.2, Alliance shall have the AMI Rights for the Initial Term. The rights granted herein, during the Initial Term, are contingent on Alliance conducting a program as set forth in Article 3, below.

1.4 **Extension of AMI's Initial Term**. As to all lands not subject to a Minerals Agreement, to the extent that Alliance has retained its rights within the AMI, Alliance shall have the right to extend all or any portion of the AMI's Initial Term by an Extension Term as follows:

a. Alliance shall have the right to specify the Extension Lands in the AMI on which Alliance will exercise its right to extend the Initial Term for an Extension Term. Alliance will retain all AMI Rights as to the Extension Lands during any Extension Term.

b. Alliance shall exercise this right before the expiration of the Initial Term by specifying the Extension Lands, in writing, to the Nation and by making an extension payment of $10 per net mineral acre owned by the Nation within the AMI as to the Extension Lands. If any portion of a governmental section is selected as Extension Lands, the entire acreage available within that governmental section must be selected.

c. At the expiration of any Extension Term, Alliance may acquire an additional Extension Term, as to Extension Lands selected by it (provided all Extension Lands selected must have been Extension Lands under the immediately preceding Extension Term), by making an extension payment of $10 per net mineral acre owned by the Nation within the AMI as to the Extension Lands selected by Alliance.

d. During each Extension Term, Alliance shall continue to have the obligation to conduct a Continuous Work Program with respect to the lands covered by the Extension Term.

e. Each Extension Term shall be for a period of 1 year.

f. With respect to the AMI, Alliance has the right to exercise the Extension Term 3 times. After 3 Extension Terms, the Nation may approve or reject any additional AMI Extensions Terms.

1.5 **Expiration of AMI's and Default by Alliance**.

a. Upon the expiration of the AMI Initial Term, or Extension Term, as applicable, Alliance shall not have any further rights in the AMI except for Minerals Agreements previously earned by Alliance under this Agreement.

b. If Alliance fails to conduct any of the operations or activities required of it

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in the AMI under this Agreement, Alliance's sole liability, and the Nation's sole recourse, shall be the loss of any rights by Alliance within the AMI, except for Minerals Agreements previously earned by Alliance under this Agreement.

c. It is provided, however, that Alliance's indemnity obligations under Section 8.2, below, shall survive any termination of this Agreement or any loss of Alliance's rights in the AMI under this Agreement.

1.6 **Rights on Additional Lands**. Provided that Alliance is in compliance with all obligations under this Agreement, Alliance will have a right of first refusal to acquire rights in lands in two additional townships that are not within the AMI, designated on Exhibit D ("Additional Lands"). Should the Nation receive an offer from a third party to develop any portion of the Additional Lands for coalbed methane that the Nation is willing to accept ("Offer"), it shall furnish notice of the Offer to Alliance. Alliance shall have 15 days following receipt of that notice in which to elect, in writing, whether or not to accept the terms and conditions of such Offer. If Alliance timely accepts those terms, then Alliance and the Nation will enter into an agreement covering the applicable Additional Lands containing the terms and conditions set forth in the Offer. If Alliance elects not to accept those terms and conditions, or fails to respond in that 15-day period, then Alliance shall have no further rights with respect to the Additional Lands that were the subject of the Offer.

2. AMI OBLIGATIONS.

2.1 **Obligations**. Following the Approval Date, Alliance shall commence the following operations and activities with respect to the lands located in the AMI:

a. Permits. Promptly following the Approval Date, Alliance shall commence all necessary actions and submit all necessary applications to obtain all requisite permits to enable Alliance to commence the drilling of all wells included within the first Pilot Project to be drilled within the AMI, as provided below (herein, the "Initial Permits"). All applications for the Initial Permits shall be submitted to the appropriate authorities within 30 days following the Approval Date, and Alliance shall use its best efforts to diligently pursue such applications and to submit all other or further information required in connection with the issuance of the Initial Permits.

b. Drilling Obligation: In order to maintain its rights in the AMI, Alliance will drill Pilot Projects, in accordance with the following, and subject to the requirements of Section 5.2:

i. Alliance must Commence Drilling of the first Pilot Project within 60 days following the issuance of the last of the Initial Permits in the AMI. All wells within that Pilot Project shall be Completed within 60 days following the date on which Alliance Commenced Drilling and all Infrastructure shall be completed within 60 days following the date on which all such wells were Completed.

ii. Alliance must Commence Drilling of the second Pilot Project within 30

days following the Completion of the first Pilot Project. All wells within the second Pilot Project shall be Completed within 90 days following the Completion of the first Pilot Project and all Infrastructure for the second Pilot Project shall be completed within 150 days following the Completion of the first Pilot Project.

iii. Alliance's obligations with respect to the first and second Pilot Projects shall include the obligation to install, or cause to be installed, all Infrastructure necessary to cause gas produced from the Pilot Projects to be delivered to the CDPs.

iv. The location of the Pilot Projects, the depth to be drilled, and formations to be tested shall be as determined by Alliance, subject to the permitting process; provided, however, no well shall be located on Sacred Sites; and further provided, each well within the Pilot Projects in the AMI shall be drilled to a depth sufficient, in the determination of Alliance, to test the coal formations underlying the AMI.

v. Alliance shall use its reasonable efforts to commence production testing of each well drilled hereunder within a reasonable time following release of the completion rig on such well. Production testing shall include the measurements of oil, gas and water. The parties acknowledge that production tests may include flaring gas and the Nation will not require payment of royalty on such flared gas or impose a penalty on Alliance for flaring gas during that test.

vi. Subject to Force Majeure, if Alliance does not Commence Drilling of either or both of the two Pilot Projects in the AMI within the times set forth above, or fails to Complete the Pilot Projects within the time set forth above, then Alliance shall forfeit all of its AMI Rights and shall only retain any rights under Minerals Agreements earned by that time.

b. Continuous Work Program. Following the Completion of the second Pilot Project drilled in the AMI, in order to maintain its rights in the AMI, Alliance must, within 30 days thereafter, commence a Continuous Work Program. As long as Alliance is conducting a Continuous Work Program, Alliance shall be entitled to all rights granted herein within the AMI for the duration of the AMI Initial Term or of any applicable Extension Term.

3. EARNING WELLS AND MINERALS AGREEMENTS.

3.1 **Earned Minerals Agreements**. Upon the Completion of each well as an Earning Well, under this Agreement, the Nation will execute, grant and deliver to Alliance a Minerals Agreement, covering the 160-acre unit in which the Earning Well is located and covering the interval from the surface of the earth to a depth 100 feet below the deepest depth drilled or geologic formation equivalent in the Earning Well. Each Minerals Agreement shall be in the form attached hereto as Exhibit B and shall include a royalty to the Nation of 19%, and shall be subject to the other rights of the Nation hereunder.

3.2 **Additional Wells**. Subject to the provisions of the JOA referred to in Section 5, below, either party shall have the right to propose Additional Wells on lands covered by Minerals Agreements previously earned by Alliance, which right shall include, during the time that the applicable AMI is in effect, the right to drill to a depth deeper than that covered by the Minerals Agreement. If any Additional Well is drilled to a depth deeper than that covered by the Minerals Agreement, then the Minerals Agreement shall be deemed amended to cover all intervals to a depth 100 feet below the deepest depth drilled in such Additional Well.

4. THE NATION'S RIGHTS TO PARTICIPATE.

4.1 **The Nation's Participation Rights**. All operations performed under this Agreement, subject to the other terms hereof, and all real and personal property interests and all contractual rights acquired and owned by the parties within the AMI and in the Minerals Agreements shall be for the mutual benefit of the parties in proportion to their respective Participating Interests. The initial "Participating Interests" of the parties under this Agreement are:

The Nation 51%

Alliance 49%

4.2 **Expenses and Payout**.

a. Notwithstanding the Participating Interests of the parties, all costs and expenses incurred in connection with this Agreement, including, without limitation, the AMI Bonus and costs and expenses of drilling, completing and equipping Pilot Projects shall initially be paid 100% by Alliance. Until Payout of a Pilot Project, as described below, Alliance shall be entitled to 100% of the revenues derived from such Pilot Project.

b. Alliance shall maintain a payout account on a Pilot Project-by-Pilot Project basis. Payout shall be deemed to have occurred with respect to a particular Payout Project at such time as Alliance has recovered "Net Revenues" from that Pilot Project equal to 150% of its costs and expenses incurred in connection with the Pilot Project, including all costs to drill, complete, equip and operate the Pilot Project. As used herein, "Net Revenues" means the gross revenues derived from the sale of hydrocarbons from the Pilot Project, less all royalties (including the royalty under the Minerals Agreement), and less all taxes payable out of or measured by production. Upon Payout of a Pilot Project, each party shall have a Working Interest therein in proportion to its Participating Interest, and all revenues and expenses in connection with that Pilot Project shall be shared between the parties based on their respective Working Interests. Alliance shall furnish the Nation with a monthly payout accounting on each Pilot Project.

c. Notwithstanding the provisions of 4.2, a., above, the Nation may, at any time, elect to pay its Participating Interest share of any proposed Pilot Project, in which event all revenues and expenses in connection with that Pilot Project shall be shared between the parties based on their respective Participating Interests.

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d. At such time as the Nation is participating for its 51% Working Interest in any portion of the lands covered by this Agreement, the Nation will be responsible for its Working Interest proportion of royalties payable under the applicable Minerals Agreements.

4.3 **Facilities**. It is understood that in connection with the production of wells within the AMI and marketing of production from such wells, Alliance may install, construct and operate certain facilities for delivering production from the CDPs to market pipelines. Any such facilities will be installed and maintained at the cost of Alliance but shall be considered facilities within the AMI owned by the parties in proportion to their Participating Interests.

5. OPERATIONS AND OPERATING AGREEMENT.

5.1 **JOA**. To govern operations within the AMI, prior to commencement of operations by Alliance, the parties shall execute an AAPL Model Form 610 (1989) Joint Operating Agreement ("JOA"), substantially in the form attached hereto as Exhibit C. The JOA shall govern all operations in the AMI, but shall be subject to this Agreement so that in the event of any conflict between the Operating Agreement and this Agreement, this Agreement shall be the governing Agreement. The "non-consent" provisions of the JOA shall not be applicable to Pilot Projects to be undertaken in accordance with the provisions of Section 4.2, above.

5.2 **Pilot Project Proposals**. Prior to commencing any Pilot Project under this Agreement, in addition to the requirements contained in the JOA, the party proposing the Pilot Project shall furnish to the other party a "Proposal". It is provided, however, that Alliance shall have the exclusive right to designate the initial two Pilot Projects within the AMI. Each of the Proposals shall include (i) plans for additional strat tests and producing wells, and the number of producing wells to be included in the Pilot Project, not to be less than 4 wells and not more than 8 wells, (ii) a description of the lands included in the Pilot Project, (iii) the proposed location for the central delivery points ("CDPs"), (iv) facilities needed upstream of each CDP, (v) required roads, (vi) electrical facilities, (vii) the Scope of Work, (viii) a plan for dewatering (including discharge points) in accordance with the provisions of Article 10, below, (ix) a description of the appropriate permitting which may be required, and (x) an estimate of all of the foregoing and other costs and a time frame for the work to be commenced and completed contained in the Proposal. As used herein, "Scope of Work" means the particular methods to be employed in drilling and completing wells, the type of equipment to be installed on completed wells, the description of infrastructure to be installed in connection therewith, and other significant items in the conduct of the Proposal. Unless the Nation is participating in a Pilot Project for its 51% Working Interest, the Nation shall not have the right to propose a Pilot Project.

5.3 **Change of Operator**. At any time following the later of (a) the date following the expiration of 5 years following the date of this Agreement, or (b) the date upon which the Nation has demonstrated to the reasonable satisfaction of Alliance that the Nation has the appropriate trained personnel and the appropriate qualifications to act as operator, the Nation shall have the right to take over operations under the JOA as to any Pilot Projects that have then paid out, and as to any Additional Wells drilled in which the Nation elected to participate for its Working Interest ownership. To effect the change of operator, the Nation shall give Alliance at least 90 days advance written notice prior to the date that it will assume operations. Alliance agrees to provide such information and records in its possession and to provide reasonable assistance and cooperation to permit the transition of operations to be made.

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6. TITLES AND ACCESS TO AMI LANDS.

6.1 **Title Information**. The Nation shall make available to Alliance copies of all title opinions, abstracts of title and other title information in the Nation's possession with respect to the AMI lands as long as Alliance retains AMI Rights in those lands.

6.2 **Access by Alliance**. Alliance shall obtain the Nation's written consent for the location of all facilities and roads to be used, installed or constructed by Alliance in connection with this Agreement, which consent shall not be unreasonably withheld; provided, however, all wells, roads and facilities will avoid Sacred Sites. All rights acquired by Alliance through any Minerals Agreement earned hereunder shall be subject to compensation for surface damages at the rate of $100 per acre of land disturbed by Alliance's operations. Each right-of-way, easement, license, permit or similar right granted to Alliance, shall contain a term that is either (a) coterminous with the latest termination of any Minerals Agreement earned hereunder, or (b) if for a set term, shall be automatically renewable, with no additional consideration, by Alliance for as long as any Minerals Agreement hereunder remains in force and effect. Such easements, rights-of-way, permits or licenses shall permit Alliance and its contractors and subcontractors to exercise all of the Nation's rights of ingress and egress pertaining to the lands covered by the AMI as they initially exist, and the lands located therein for all the purposes under this Agreement, including the right to construct and maintain roads and pipelines, and other appurtenances necessary or useful in the conduct of Alliance's operations to the extent pertaining to development upon or production from the AMI.

6.3 **Sacred Sites Procedures.** The following procedures shall apply with respect to the determination of Sacred Sites and the consequences resulting from determinations that preclude, in Alliance's determination, the development of any lands within the AMI:

a. At the same time that a permit or right-of-way application is submitted to a federal agency or tribal department, a map detailing the affected lands and a description of the proposed activity shall be filed with the Nation's Tribal Archaeologist. This step may be taken before the filing of the application.

b. Within 30 days after the submission of the map a qualified representative of Alliance shall prepare an Archaeological Survey of the affected area in cooperation with the Tribal Archaeologist. The Survey shall identify those Sacred Sites, if any, which lie within 150 feet of the proposed activity.

c. Within 30 days after the preparation of the Archaeological Survey, Alliance shall submit a proposal to the Nation for avoidance of any adverse effect of the proposed activity on Sacred Sites, or amend its application so that the proposed activity is more than 150 feet from any identified site.

d. The Tribal Archeologist shall promptly notify the federal agency or tribal department to whom the application is made when (a) a determination is made that the proposed activity does not affect a Sacred Site; (b) Alliance has made adequate provision for avoidance of any Sacred Site; or (c) Alliance has not made adequate provision for avoidance of any Sacred Site.

e. If either (a) a permit applied for by Alliance has not been approved within 90 days following the date of application, or (b) a permit applied for by Alliance has been denied due to the existence of a Sacred Site determination, then if Alliance determines, in its sole discretion, that such non-approval or denial has rendered one or more governmental sections within the AMI to be non-developable by Alliance ("Condemned Sections"), then upon notice thereof to the Nation, the Nation will reimburse to Alliance the AMI Bonus, if any, allocable to the Condemned Sections, based on the number of acres in the Condemned Sections. Such reimbursement shall be made within 30 days of Alliance's notice to the Nation. Upon that reimbursement, the Condemned Sections will be deemed removed from the AMI and from the terms of this Agreement.

7. CONDUCT OF OPERATIONS.

7.1 **Cost and Risk**. All operations conducted by Alliance shall be at Alliance's sole cost and risk, except to the extent of the Nation's Working Interest after Payout in a particular Pilot Project or the Nation's Working Interests in Additional Wells.

7.2 **Performance Standards**. Alliance shall conduct its activities under this Agreement, and under any Minerals Agreement that it earns, 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, and having due regard for preventing waste of Minerals (as "Minerals" is defined in the Minerals Agreement), contamination of ground and surface waters, contamination of soils, injury to workmen and the public, or the destruction or injury of Mineral deposits.

7.3 **Well Information**. During Alliance's operations, Alliance shall promptly furnish the Nation the following information pertaining to any well drilled by Alliance:

a. Written notice of the exact time and date on which the well is spudded.

b. A daily drilling report showing all formations encountered and the depths at which those formations were encountered during the immediately preceding day, and the well operations conducted during the immediately preceding day.

c. Written reports on all cuttings and cores taken in the well, along with representative samples of the cuttings and cores if requested by the Nation.

d. Reasonable advance notice of any production tests, pressure tests, cores and logs to be run in the well so that the Nation may witness the operations. Written report of such operations, when they are completed, shall be furnished to the Nation.

e. Copies of all reports and other forms filed with any federal, state or local governmental authority concerning the well.

f. A complete copy of the driller's log and a complete copy of all electrical logs, on a scale of not less than 2 inches per 100 feet, from the bottom of the surface casing to the total depth of the well.

g. Copies of all fluid analyses and other reports or information obtained with respect to the well.

h. Any other non-interpretive information specifically requested by the Nation as part of this Agreement.

7.4 **Geophysical Information**. During Alliance's operations, if Alliance conducts any seismic surveys within the AMI, it shall promptly furnish the Nation the following geophysical information obtained by 2D or 3D seismic surveys with respect to the AMI's:

a. One paper copy of shot point basemap.

b. One digital database of x-y shotpoint/station coordinates in a standard format (e.g., SEG/P1 or ASCII text) and any coordinate system. Projection and zone code will be specified if the coordinate system is other than Lat-Long.

c. One digital version (preferred) or paper copy of all seismic survey information.

d. One digital version (preferred) or paper copy of all seismic observer notes.

e. One magnetic tape copy (8mm preferred; specify density, non-compressed) or Cdr of all seismic field tapes in original field format.

f. One copy of processed final stack and migration data, if available, on 8mm tape in SEG-Y format with each file separated by a single EOF.

g. For Vibroseis: only correlated field records need be provided, if available.

h. For 3D: provide 8mm copy of all the processed lines in SEG-Y format. Separate different products by single or double EOF separators and describe the layout. Provide a load sheet or other instructions for loading the data onto a workstation.

8. LIABILITY AND INSURANCE.

8.1 **Relationship of Parties**. In performing its obligations, Alliance shall be an independent contractor and not the agent of the Nation. Nothing in this Agreement shall be construed as creating a partnership or otherwise establishing joint or collective liability.

8.2 **Alliance's Indemnity**. Alliance shall indemnify and hold harmless the Nation and its employees and agents from all claims, demands, losses, and liabilities of every kind and character arising out of Alliance's performance or failure to perform under this Agreement, or the acts of or failure to act by Alliance's employees, agents contractors and subcontractors.

8.3 **Required Insurance Coverage**. At all times while Alliance has the right to earn an assignment of interest or is conducting operations within the AMI, Alliance shall maintain, at its sole cost, the following insurance coverage for its operations:

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a. Worker's Compensation Insurance and Employer's Liability Insurance with such limits as are specified by law in the jurisdiction in which the AMI is located.

b. Comprehensive General Public Liability Insurance, including Contractual Liability coverage, with a combined single limit of $1,000,000 for bodily injury and property damage.

c. Automobile Liability Insurance with the same limits as prescribed above for Comprehensive General Public Liability Insurance.

8.4 **Proof of Coverage**. Prior to the commencement of operations, Alliance shall furnish the Nation one or more certificates signed by the insurance carrier or carriers showing, to the Nation's satisfaction, that the required insurance coverage is in force and stating that such coverage shall not be canceled or materially altered without at least 10 days advance written notice to the Nation.

9. FORCE MAJEURE.

9.1 Any obligations of a party ("Affected Party") hereunder, except for the payments of monies when due, shall be suspended and deferred during any time that the Affected Party's performance thereof is rendered incapable, in whole or in part, due to Force Majeure Conditions. Any time limits set forth in this Agreement shall be extended by the same number of days that Alliance was rendered incapable of performing due to Force Majeure Conditions.

9.2 Within 3 business days after suspending any operation or obligation pursuant to Force Majeure conditions, the Affected Party shall provide the other party written notice setting forth the precise nature of the Force Majeure, the scope of operations suspended, and the anticipated period of suspension. Upon recommencing the suspended operations, the Affected Party shall promptly notify the other party of the termination of those conditions for which suspension was necessitated.

9.3 In the event that notification of a Force Majeure condition is not timely made as provided herein, it shall be conclusively presumed that a Force Majeure condition did not exist for any time period more than 3 business days prior to the date of actual notification.

10. ENVIRONMENTAL AND WATER ISSUES

10.1 Environmental Compliance.

a. Prior to commencing activities within the AMI, Alliance shall, at it sole cost and expense, undertake all steps and actions necessary to comply with the National Environmental Policy Act ("NEPA"), including, without limitation, conducting or causing to be conducted, any necessary Environmental Assessments or Environmental Impact Statements.

b. Approval of Agreement Does Not Constitute Permission to Explore for or produce CBM. The Secretary's approval of the Exploration and Development Agreement and the form of the Minerals Agreement (Exhibit B) do not constitute

approval or authorization of any surface disturbing activities from an environmental perspective. All parties acknowledge that future NEPA compliance will be necessary for exploration/development, drilling, and mining. It is contemplated that future NEPA compliance will involve environmental analysis satisfactory to the BIA, BLM, and EPA prior to authorization and permitting for production. Therefore, the approval provided by this section does not constitute issuance or approval of any required exploration, drilling, or production phases of development.

10.2 Produced Water. Operations conducted by Alliance within the AMI will result in the production of water that will require disposal ("Produced Water"). With respect to the handling of Produced Water, Alliance will comply with all applicable laws, rules and regulations and with the following:

a. Use of Pits. The Nation does hereby authorize Alliance to construct and use pits (the "Pit") within the AMI to receive and hold Produced Water from the coalbed-methane wells drilled hereunder and located within the AMI. It is understood and agreed that a portion of the Produced Water will infiltrate the ground below and around a Pit.

b. Construction of Pits. A Pit shall be constructed at a time selected by Alliance. Alliance shall consult with the Nation as to the location of Pits. All Pits shall be designed and constructed pursuant to all applicable laws, rules and regulations. Alliance shall obtain all permits necessary to construct and operate each Pit. Further, all Pits will be constructed in a manner to prevent the overflow of water. Upon completion of construction of a Pit, Alliance shall fence the Pit. Soil disturbed in connection with the construction of a Pit shall be reseeded by Alliance on a timely basis, taking into account the season and weather conditions, with a seed mix that is appropriate for the Lands.

c. Conventional Irrigation Equipment. At Alliance's election Alliance may, in lieu of or in addition to Pit(s), dispose of Produced Water on the lands within the AMI through the use of conventional irrigation equipment. Should Alliance elect to use such equipment, Alliance shall obtain the Nation's prior written consent as to the location of the irrigation equipment and the times at which such equipment may be operated.

d. Soil and Water Analysis. Prior to beginning any irrigation, Alliance shall have the soil in the area to be irrigated analyzed in order to establish a baseline. Alliance shall also have the soil of the irrigated area tested at the end of each irrigation season. At the end of each irrigation season Alliance shall have an agronomist, acceptable to the Nation, review the foregoing soil analyses to determine if any soil amendments or fertilizer should be applied to the irrigated area. Alliance shall provide the Nation with a copy of the agronomist's recommendations, and Alliance shall implement (subject to the prior consent of the Nation, which consent shall not be unreasonably withheld) the agronomist's recommendations. Alliance shall periodically, but not less than once each calendar quarter, have analyzed the Produced Water that is dispersed with irrigation equipment. Based on such analysis, Alliance shall apply soil amendments as reasonably appropriate to mitigate any adverse impact of dispersing Produced Water. Alliance shall provide the Nation with a copy of any soil or water analyses obtained pursuant to this paragraph. Alliance shall bear all costs associated with the soil and water analyses obtained pursuant to this paragraph. Alliance shall also bear the reasonable costs

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associated with the purchase and application of all soil amendments and fertilizer required to implement this paragraph.

e. Irrigation Equipment. In the event Alliance concludes it no longer needs any irrigation equipment it uses within the AMI, Alliance shall notify the Nation in writing that the equipment is no longer needed and the remaining book value of the equipment based on a seven (7) year straight line amortization. The Nation may elect to purchase, by tendering the remaining book value, the irrigation equipment within thirty (30) days of receipt of Alliance's notice. If the Nation timely purchases the equipment, Alliance shall deliver the Nation an appropriate bill of sale, which delivery shall terminate any obligation by Alliance to reclaim the area irrigated.

f. Alternative Water Treatment. In lieu of, or in combination with Pits and/or conventional irrigation equipment, Alliance may elect in its sole discretion to treat the Produced Water. If Alliance so elects to treat all or part of the Produced Water, Alliance may discharge the treated Produced Water within the AMI at a point mutually agreed to in writing by Alliance and the Nation. Discharge of Produced Water into any drainage, creek, stream or river shall be in accordance with applicable statutes, rules and regulations and shall require the prior consent of the Nation. It is understood and agreed that certain water treatment processes may result in waste product. Alliance is authorized to construct, in accordance with all applicable statutes, rules and regulations, any pits ("Waste Pits") necessary for the handling of any such waste.

g. Reinjection. In lieu of, or in combination with Pits and/or conventional irrigation equipment, Alliance may elect to reinject the Produced Water. If Alliance so elects to reinject all or part of the Produced Water, Alliance shall only reinject Produced Water within the AMI into aquifers approved by the Nation and at rates of injection approved by the Nation, and all reinjection shall be in accordance with applicable statutes, rules and regulations.

h. Reservoirs. In lieu of, or in combination with other methods of disposing of Produced Water, the Nation may authorize, in its sole discretion, the construction and operation of one or more reservoirs within the AMI for the disposal of Produced Water. The location, size and construction of any such reservoirs shall be subject to the applicable statutes, rules and regulations and shall require the prior consent of the Nation.

10.3 Water Wells and Springs. The following provisions shall apply with respect to water well and springs within the AMI:

a. Definitions. For purposes of this Section 10.3, the terms below shall be defined as follows:

i. Base Line for a Water Well means the static water level and productive capacity. For a Spring, Base Line means the calculated flow rate.

ii. Circle of Influence or COI means that area that falls within a circle, the center of which is a Coalbed Methane Well and which has a radius of one-half mile.

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iii. Coalbed Methane Well means a well operated by Alliance that produces water and/or coalbed methane from the AMI.

iv. Date of First Production means the date a Coalbed Methane Well is first placed on production.

v. Historical Usage means as of the time the Base Line is established:

the purpose (consistent with all appropriate permits) for which the water from a Water Well or a Spring is used; and

the volume of water produced from a Water Well or taken from a Spring.

vi. Impaired or Impairment when used with respect to a Water Well means a Water Well that experiences a material reduction in capacity to deliver water sufficient to satisfy the Historical Usage. A Water Well is not Impaired if any such reduction is the result of:

natural causes such as lack of recharge due to lack of precipitation or historical seasonal fluctuation;

usage by the Nation of the Water Well; or

withdrawal of water by a third-party.

Impaired when used with respect to a Spring means that a Spring experiences a material reduction in capacity to deliver water sufficient to support the Historical Usage. A Spring is not Impaired if such reduction is the result of

natural causes such as lack of recharge due to lack of precipitation or historical seasonal fluctuation; or

usage by a third-party.

vii. Lands means the lands located within the AMI.

viii. Spring means any spring that emerges onto the surface at a point within the COI and the waters of which were used by the Nation or a third party surface the Nation on the Date of First Production for domestic and/or agricultural/livestock purposes on the Lands.

ix. Water Well means any water well within a COI that produces water as of the Date of First Production, which water is used by the Nation or a third party surface the Nation for domestic and/or agricultural/livestock purposes on the Lands.

b. Establishing Base Line. Prior to the Date of First Production of a Coalbed Methane Well, Alliance at its sole expense shall have the Base Line determined for each Water Well and Spring within the COI. In this connection the Nation shall, upon the request of Alliance, provide Alliance with all permits and data, including information as to Historical Usage, relating to each Water Well and Spring in the Nation's possession at the time this Agreement is executed. If so requested by Alliance and upon reasonable

notice, the Nation will not produce a Water Well during the twenty-four (24) hours prior to Alliance's testing of a Water Well's static water level and/or the conducting of a pump test. As part of its determination of a Base Line, Alliance shall obtain water samples which shall determine the chemical and bacterial quality of the water.

c. Data. Alliance shall provide the Nation with copies of all data and analyses gathered by Alliance pursuant to this Agreement. The Nation shall provide Alliance with all data and analyses related to the Water Wells and the Springs obtained by the Nation while this Agreement is in effect.

d. Remediation. If a Water Well or Spring experiences a material reduction in its capacity to deliver water sufficient to support the Historical Usage, the Nation shall promptly notify Alliance. The parties shall first ascertain whether such reduction is due to some factor other than Alliance's production of a Coalbed Methane Well. It if is determined that a Well or a Spring is Impaired, Alliance shall take such steps as reasonably necessary to remedy the Impairment such as deepening the Impaired Water Well or drilling a replacement water well. The parties shall mutually agree upon the location of any replacement water well. Alliance shall bear all reasonable expenses associated with these remedial actions. Alliance shall also obtain all necessary permits or authorizations, at its sole cost, related to the deepening or redrilling of a replacement water well. The Nation will cooperate with Alliance in the application for all such permits or authorizations.

e. Interim Period. If, the Nation has insufficient water to satisfy the Historical Usage in the interim period commencing with the determination that there is an Impairment and ending with the completion of Alliance's remedial actions, Alliance shall provide at its reasonable, sole expense sufficient water to remedy the Nation's shortfall.

11. TERM OF AGREEMENT.

As long as Alliance has met the timeframes and other obligations under this Agreement for each AMI, it shall have the right within the applicable AMI to earn Minerals Agreements throughout the Initial Term and any applicable Extension Term with respect to the Extension Lands.

12. RIGHTS AND OBLIGATIONS OF ALLIANCE WITH RESPECT TO COAL MINING.

12.1 Alliance's rights under this Agreement and under any Minerals Agreement granted hereunder, exclude any right to engage in traditional coal mining activities. Further, Alliance shall cooperate with the operators of any existing or future coal mining operations on lands covered by this Agreement, and shall coordinate joint use of roads and other surface uses with coal mine operators so as to minimize conflicts between the operation of coal mines and Alliance's operations hereunder.

12.3 The Nation expressly reserves the right to lease, sell or otherwise dispose of the surface of the lands covered by this Agreement, subject only to Alliance's rights to use the surface as granted herein or in Minerals Agreements issued hereunder. The Nation expressly

reserves the right to enter into coal leases with third parties for the exploration, extraction and removal of coal from lands covered by this Agreement.

13. SOCIAL ISSUES.

13.1 Employment and Training. Alliance shall undertake a training program, at its expense, to train and educate members of the Nation in all phases of the operations to be conducted hereunder with the intent that at least 51% of the work-force working on the activities of Alliance hereunder shall be members of the Nation within one year following the Approval Date.

13.2 Scholarships. Alliance shall establish a college or higher education scholarship fund for members of the Nation. As soon as reasonably practicable following the Approval Date, the Nation and Alliance shall form a joint committee for the purpose of determining the scope and administration of a college or higher education scholarship fund for members of the Nation. The fund shall be established and administered under a program devised by the joint committee. The committee shall be comprised of four members: two members to be appointed by the Nation and two members to be appointed by Alliance

13.3 Legal Expenses. Alliance shall reimburse the Nation for all of its expenses incurred in retaining independent legal counsel for assistance in the negotiation and drafting of this Agreement, related Minerals Agreements, and other agreements and ventures that may be entered into between the Nation and Alliance.

13.4 Planning and Development Office. Within 3 months following the Approval Date, Alliance will open a Planning and Development Office in Hardin, Montana, to conduct planning and development of matters under this Agreement and under other agreements and ventures that the parties may form. The office staff will be comprised of at least 51% of members of the Nation.

13.5 Incentive Program for Students. Alliance shall establish an incentive program for academics and athletics for students in grades K-12 who are members of the Nation.

13.6 Financial Literacy Training. Alliance shall provide, or cause to be provided, periodic financial literacy training to the Nation and its members.

14. GOVERNING LAW, LIMITED WAIVER OF SOVEREIGN IMMUNITY AND DISPUTE RESOLUTION.

14.1 Governing Law. The laws of the United States shall apply in all matters concerning formation, interpretation and remedies for breach under this Agreement. In such instances in which the laws of the United States do not provide a statutory or federal common law rule for decision, and application of other law would not conflict with federal policy, the parties shall employ the laws of the State of Montana.

14.2 Limited Waiver of Sovereign Immunity. As more particularly set forth in Resolution No. _____ the Nation has authorized a limited waiver of the Nation's sovereign immunity (1) for purposes of the binding arbitration agreed to by the parties in this

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Agreement to provide for resolution of disputes in the interpretation and enforcement of this Agreement, (2) to allow the parties to enforce this Agreement and those arbitration provisions in the U.S. District Court for the District of Montana, or if such court does not exercise jurisdiction, in any state court located in the State of Montana. The Nation specifically surrenders its sovereign power, as to and only as to Alliance, to the limited extent necessary to effectuate the terms of this Agreement. This limited waiver of immunity is not intended to constitute a waiver of the Nation's immunity from damage claims brought against it or its officials by any person or entity that is not a party to this Agreement. Notwithstanding any other provision of this Agreement, remedies allowed against the Nation pursuant to this waiver of sovereign immunity shall be limited to those specified in Article 14.3.viii of this Agreement.

14.3 Dispute Resolution. The parties to this Agreement agree that any disputes arising hereunder shall be resolved by dispute resolution procedures which are alternatives to litigation in state, tribal or federal courts. Accordingly, the parties agree that upon the occurrence of a dispute between them regarding any matter under this Agreement, representatives shall meet to negotiate in good faith to resolve the dispute. If those representatives are unable to resolve the dispute within fifteen (15) days of the occurrence of the dispute, then the executive management of each party shall meet to negotiate in good faith to resolve the dispute. If the executive management representatives are unable to resolve the dispute within thirty (30) days following the occurrence of the dispute, either party may initiate binding arbitration in accordance with these provisions:

i. Nothing in this Agreement is intended to prevent federal agencies from acting in accordance with their regulations governing oil and gas development on Indian lands. However, one or more parties may request a federal agency to defer action under applicable enforcement regulations to allow the procedures in this Exhibit to be implemented first. The parties expect that their faithful compliance with and implementation of the Dispute Resolution Procedures in this Agreement shall be deemed by federal agencies to fully resolve any disputes which have been the subject of these Dispute Resolution Procedures.

ii. Upon the failure of the parties to resolve a dispute as set forth above, the dispute ("Arbitrable Dispute") shall be referred to and resolved by binding arbitration in Billings, Montana, by a single arbitrator, in accordance with the Commercial Arbitration Rules of the American Arbitration Association; and, to the maximum extent applicable, the Federal Arbitration Act (Title 9 of the United States Code). If there is any inconsistency between this Agreement and any statute or rules, this Agreement shall control.

iii. Arbitration shall be initiated, within the time period allowed by the applicable statute of limitations, by one party ("Claimant") giving written notice to the other party ("Respondent") and to the Denver Regional Office of the American Arbitration Association ("AAA") in accordance with Rule 4 of the Commercial Arbitration Rules, that the Claimant elects to refer the Arbitrable Dispute to arbitration.

iv. The Parties shall each pay one-half of the compensation and expenses of the arbitrator. If one party fails to advance the necessary fees to the AAA, the other party may advance the entire amount, and an award may assess half the

amount against the non-contributing party.

v. The arbitrator must be neutral party who has never been an officer, director, employee, member, consultant or attorney of the parties or any of their affiliates.

vi. The hearing shall be commenced within thirty (30) Days after the selection of the arbitrator, or as soon as is fair and practicable, in the determination of the arbitrator. The parties and the arbitrator shall proceed diligently and in good faith in order that the arbitral award shall be made as promptly as possible. The interpretation, construction and effect of this Agreement shall be governed by the laws as set forth in Section 14.1., above. All statutes of limitation and of repose that would otherwise be applicable shall apply to any arbitration proceeding.

vii. If a party refuses to participate in the arbitration process or proceeding, the arbitrator may grant the award demanded by the other party to the extent that the arbitrator deems such an award just and equitable and within the scope of the agreement of the parties.

viii. The arbitrator shall have the authority to award specific enforcement of the agreements between the Parties, and to award damages not to exceed reimbursement of out-of-pocket losses sustained as a result of another party's breach of this agreement. The arbitrator shall not have the authority to grant or award indirect or consequential damages, punitive damages or exemplary damages.

ix. The parties agree that the resolution of the Arbitrable Dispute shall be the manner set forth in this Agreement, and no court action may be commenced by the parties with respect to that Arbitrable Dispute, other than as set forth below.

x. The Parties acknowledge that the matters related to the enforcement of this Agreement and the enforcement of any arbitration award rendered hereby are matters in which the Parties have a paramount subject matter interest; and the Parties agree that any such award may be enforced and reviewed in any court of competent jurisdiction, including the U.S. District Court for the District of Montana, or if such court does not exercise jurisdiction, in any state court of competent jurisdiction located in the State of Montana.

xi. The parties agree that the scope of any judicial review of an arbitration award made pursuant to the procedures in this Agreement shall be limited to the question of whether the arbitrator possessed the authority to make the award for which enforcement is sought.

15. MISCELLANEOUS.

15.1 **Taxes**. Alliance shall pay when due all taxes, including, but not limited to, federal excise taxes, and state and local ad valorem, occupation, excise, privilege or regulatory taxes,

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now or hereafter lawfully assessed against Alliance's interest in the lands within the AMI or the production attributable to Alliance's interest. The parties agree, at Alliance's request, to negotiate in good faith upon such alternate arrangements between the Nation and Alliance that will provide the same economic benefits to the Nation hereunder and subject Alliance to the same obligations, but that may provide relief from liability for production, ad valorem and similar taxes.

15.2 **Assignments**. Alliance may freely assign all or any part of its rights under this Agreement to a subsidiary of Alliance that is wholly owned by Alliance. Otherwise, Alliance may only sell or assign all or any portion of its rights under this Agreement with the prior approval of the Nation, which approval will not be unreasonably withheld. All Assignments of Alliance's rights under this Agreement shall also be subject to approval by the Bureau of Indian Affairs pursuant to 25 C.F.R. 225.33.

16. NOTICES.

All well data, information and notices to be given under this Agreement shall be given as follows:

The Nation:

Crow Nation Minerals
P. O. Box 159
Crow Agency, Montana 59022

the Nation or Alliance may change their address at any time by furnishing a written notice of change of address to the other party.

17. EXECUTION.

17.1 This Agreement may be executed in any number of counterparts, all of which shall constitute one document.

17.2 **Approval Required**. The parties hereto specifically recognize that the terms of the Indian Mineral Development Act of 1982 require approval of this Agreement by the Secretary of the Interior or his authorized representative. By executing this Agreement on behalf of the Secretary, and thereby approving the same, the undersigned official of the BIA confirms that his authority is sufficient to bind the Secretary and the Department of the Interior as required under the terms of the Indian Mineral Development Act of 1982.

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

The Crow Tribe of Indians, Crow Indian Reservation

By: _____
Name:
Title:

Alliance Energy Group, LLC

By: _____
Name:
Title:

APPROVED:
UNITED STATES DEPARTMENT
OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

By: _____
Title:
Date:

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

LIST OF EXHIBITS

EXHIBIT A	AMI
EXHIBIT B	FORM OF MINERALS AGREEMENT
EXHIBIT C	JOINT OPERATING AGREEMENT
EXHIBIT D	TOWNSHIPS SUBJECT TO ALLIANCE'S RIGHT OF FIRST REFUSAL

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Apsaalooke Nation

EXHIBIT A

To that certain Exploration and Development Agreement dated _____ _____, 2005, by and between The Crow Tribe of Indians, Crow Indian Reservation, a federally recognized Indian tribe, (the "Nation"), and Alliance Energy Group, LLC, ("Alliance")

Area of Mutual Interest

All that part of the following townships lying within the exterior boundaries of the Crow Reservation:

Township 10 South, Range 38 East
Township 9 South, Range 38 East
Township 8 South, Range 38 East
containing approximately 46,000 acres, more or less

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Apsaalooke Nation

EXHIBIT B

To that certain Exploration and Development Agreement dated _____ _____, 2005, by and between The Crow Tribe of Indians, Crow Indian Reservation, a federally recognized Indian tribe, (the "Nation"), and Alliance Energy Group, LLC, ("Alliance")

MINERALS AGREEMENT
between the

THE CROW TRIBE OF INDIANS

And

ALLIANCE ENERGY GROUP, LLC

Date_____

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

Final Version

MINERALS AGREEMENT

(Alliance Energy Group, LLC)

This Agreement, dated this ____ day of _____, _____ is by and between **The Crow Tribe of Indians, Crow Indian Reservation**, a federally recognized Indian tribe, (the "Lessor"), and **Alliance Energy Group, LLC**, (the "Lessee").

RECITALS:

A. The Lessor and Lessee have executed an Exploration and Development Agreement between themselves dated _____ and approved on _____ ("Development Agreement") for the purpose of exploring for oil and/or gas production from lands located within the Crow Tribe Reservation and as further described within the Development Agreement.

B. Lessee has complied with the terms of the Development Agreement and has drilled an Earning Well as defined in the Development Agreement, thereby earning an oil and gas lease from the Lessor covering the governmental quarter section in which the Earning Well was located and covering the interval from the surface of the earth to a depth of 100 feet below the deepest depth drilled or geologic formation equivalent in the Earning Well.

C. The Lessor has determined that it is in the Lessor's best interest to develop its oil and gas resources in a manner that gives the Lessor more control over such development than provided in standard industry oil and gas leases.

D. Lessee and the Lessor desire to enter into this Minerals Agreement ("Agreement") pursuant to the Indian Mineral Development Act of 1982, 25 U.S.C. §§ 2101, et seq., and the federal regulations implementing said law, 25 CFR Part 225

AGREEMENT

In consideration of the mutual promises, covenants and obligations set out below, the parties agree as follows:

ARTICLE 1.
DEFINITIONS

As used in this Agreement, the following terms shall have the meaning indicated below:

1.01 **CONTRACT ACREAGE** shall mean the tribal land as more particularly described in Section 2.01.

1.02 **WELL** shall mean any well drilled on the Contract Acreage.

1.03 **EXTENDED TERM** shall mean that period of time following the initial three-year term of this Agreement, as described in Article 7, during which Lessee continues to produce Minerals in paying quantities on the Contract Acreage or lands pooled therewith, or on which there is a Well that is shut-in pursuant to the provisions of Section 6.02.

1.04 **MINERALS** shall mean oil, gas, including coalbed methane in coal beds, casinghead gas, other hydrocarbons (whether liquid or gaseous), carbon dioxide gas and sulphur from the surface of the earth to a depth of 100 feet below the deepest depth drilled or geologic formation equivalent in the Earning Well.

1.05 **OPERATING AGREEMENT** means that certain AAPL Model Form 610 Operating Agreement attached to the Development Agreement.

1.06 **PAYING QUANTITIES REPORT** means a report on the paying quantities status of all Wells, in the aggregate, located on the Contract Acreage, excluding Wells shut-in pursuant to Section 6.02 during the periods of shut-in

1.07 **PRIMARY TERM** shall mean the initial three-year term of this Agreement commencing on the date of approval of this Agreement by the Secretary of the Interior or his authorized representative.

1.08 **ROYALTY INTEREST** shall mean the right to a proportionate cost free share of the value of Minerals produced, as calculated in accordance with Section 6.07, including proceeds associated with marketing contract settlements, amendments or buy-downs.

1.09 **SPACING UNIT** shall mean the drilling and spacing unit for a Well established in accordance with the procedures set by the Bureau of Land Management, following consultation with and concurrence by the Lessor.

1.10 **SUBSTITUTE WELL** shall be a Well drilled pursuant to the terms set forth in Section 6.06.

1.11 **TRIBAL TAXES** means all severance and production taxes assessed by the Lessor, and other similar taxes measured by the value of production of Minerals from the Contract Acreage or assessed on the real or personal property rights of Lessee on the Contract Acreage.

1.12 **WORKING INTEREST** shall mean the right to explore and drill for, develop, take, produce, remove, store, treat, process, transport and market Minerals, and the right to proceeds from the sale of Minerals produced, subject to a proportionate share of costs, expenses and burdens attributable to the exploration for, development, production, processing and marketing of such minerals.

ARTICLE 2.
CONTRACT ACREAGE

2.01 **OWNERSHIP OF THE CONTRACT ACREAGE.**

The Lessor represents and warrants that it owns an undivided interest in the mineral estate underlying the Contract Acreage to all depths described below;

Township __ North, Range __ West,
Section ___ : ___

Containing ___ . ___ acres, more or less in
County, Montana,

and that such acreage is not subject to any leases or other agreements granting rights to explore for or produce Minerals.

2.02 GRANT OF RIGHT TO EXPLORE AND PRODUCE.

Subject to the terms and conditions of this Agreement, the Lessor hereby gives, grants and conveys to Lessee, its successors and assigns, during the term hereof, the exclusive right to explore the Contract Acreage for Minerals and to produce, treat or process, to remove, and to sell such Minerals. In exercising its rights hereunder, Lessee shall have the non-exclusive right to use the surface of the Contract Acreage and other tribal lands which Lessee reasonably deems necessary for the drilling, producing, saving, treating, transporting and marketing of Minerals. Lessee's use of tribal surface on the Contract Acreage is subject to (i) the issuance of the Lessor's consent, which consent shall not be unreasonably withheld, at no additional cost to Lessee with respect to the Contract Acreage, to the location of such surface facilities, including roads, drilling pads, pipelines, tanks, power stations and other needed structures; (ii) appropriate agency approval. The use of the surface of tribal lands or other lands within the reservation not within the Contract Acreage shall be subject to the terms of the Development Agreement.

2.03 CONDUCT OF LESSEE.

Lessee 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, and having due regard for preventing waste of Minerals, contamination of ground and surface waters, contamination of soils, injury to workmen and the public, or the destruction or injury of Mineral deposits.

ARTICLE 3.
BONUS CONSIDERATION

3.01 BONUS PAYMENT.

Lessee has given monetary consideration to the Lessor as described and contained in the Development Agreement and hereby satisfied any and all bonus considerations.

ARTICLE 4.
COSTS AND INTERESTS IN WELLS

4.01 COSTS.

All costs and expenses of drilling, testing, plugging and abandoning, or completing and equipping any Well and operating any Well shall be borne entirely by the owners of the Working Interests.

4.02 TRIBAL TAXES AND ROYALTY INTEREST ADJUSTMENT.

(a) The parties acknowledge that all Wells drilled pursuant to this Agreement shall be subject to the Tribal Taxes. If the burden of the Tribal Taxes from or relating to the

Contract Acreage, together with the burden of the Lessor's Royalty Interest, ever exceeds twenty eight percent (28%) of such production, the Lessor agrees that its Royalty Interest shall be reduced so that the combined burden of the Lessor's Royalty Interest and the Tribal Taxes ("Combined Burden")shall not exceed 28% of the proportionate value of Mineral production from the Contract Acreage ("Combined Burden Limit").

(b) During the Term of this Agreement, if the implementation or increase in any Tribal Taxes applicable to the Contract Acreage causes the Combined Burden to exceed the Combined Burden Limit, then the Lessor agrees that its Royalty Interest shall be reduced by an amount necessary to cause the Combined Burden not to exceed the Combined Burden Limit.

(c) Lessee shall not be permitted to create, reserve, convey or assign overriding royalty interests which would when combined with the Lessor's Royalty Interest, the Tribal Taxes, or other overriding royalty interests exceed an aggregate burden on the Working Interests in excess of 28% of the proportionate value of mineral production from the Contract Acreage. Any overriding royalties or similar burdens created by the Lessee shall not affect the revenues the Lessor would otherwise receive hereunder in the absence of such burdens.

ARTICLE 5.
GEOLOGICAL INFORMATION

5.01 DISCLOSURE.

For each Well drilled Lessee will provide the information described in the Development Agreement.

ARTICLE 6.
OPERATIONAL MATTERS

6.01 ABANDONMENT.

(a) Except as provided in Section 6.01 (c), below, Lessee shall have the responsibility to plug and abandon any and all Wells drilled pursuant to this Agreement. Plugging and abandonment of said Wells, as well as surface remediation and reclamation of abandoned pads, roads or rights-of-way shall be conducted in conformity with the requirements of the Bureau of Land Management, Bureau of Indian Affairs, and those governmental departments of the Lessor with responsibility to oversee such reclamation. Additionally, such plugging, abandonment and reclamation shall conform to such additional governmental requirements imposed by agencies with jurisdiction over the lands and activities subject to this Agreement. Lessee specifically indemnifies and agrees to hold the Lessor harmless against all costs and liabilities associated with proper abandonment operations, except for those costs and liabilities assumed by the Lessor as a result of its acquisition of a Working Interest pursuant to the Development Agreement.

(b) Prior to abandonment of any Wells, roads or facilities located on tribal land, Lessee shall provide the Lessor with written notice of its intent to abandon. Upon receipt of said notice, the Lessor shall have thirty (30) days within which to advise Lessee of its decision to take over operations on said Well or to assume operations over any road or facility subject to abandonment located on tribal land. Notwithstanding the foregoing, if Lessee makes a decision to

abandon a Well during the course of drilling or while a drilling rig is at the location, the Lessor shall have 72 hours, excluding holidays or weekends, within which to advise Lessee of its decision to take over operations on said Well. Lessee will use its reasonable efforts to provide the information set forth in Section 6.01 on a timely basis in order for the Lessor to make decisions under this Section 6.01(b).

(c) If the Lessor makes the election under Section 6.01 (b), above, the Well, road or facility shall no longer be deemed to be located on Contract Acreage, and the Lessor shall bear all future costs and expenses associated with plugging or abandonment, or reclamation of said Well or applicable facility location. Thereafter, the Lessor shall indemnify and hold Lessee harmless for all activities undertaken by the Lessor with respect to said Well or facility following the exercise of its election.

(d) With respect to Wells taken over by the Lessor, the Lessor shall have all rights that Lessee had with respect to the production of Minerals through the wellbore of that Well.

6.02 SHUT-IN WELLS.

(a) If during the Primary Term Lessee drills and completes a Well capable of producing Minerals in paying quantities, but maintains such Well in a shut-in status for a period of twelve (12) consecutive calendar months, Lessee shall be obligated to pay the Lessor the sum of One Dollar ($1.00) per net mineral acre of the Contract Acreage within thirty (30) days following said 12-month period. For each consecutive month thereafter that such Well remains in shut-in status, Lessee shall pay the Lessor the sum of One Dollar ($1.00) per net mineral acre of the Contract Acreage until expiration of the Primary Term.

(b) If following the Primary Term, if a producing Well is shut-in (in accordance with prudent business judgment and sound oil and gas field practices, other than for market or economic reasons), at any time and remain shut-in for more than thirty (30) consecutive days, then Lessee shall, within 10 days thereafter, inform the Lessor in writing, through its designated representatives, of the reason for shut-in. If the reason for shut-in is the result of a temporary mechanical failure, then Lessee shall have sixty (60) days from the date that the notice should have been provided to the Lessor to remedy the mechanical failure; or if the mechanical failure is not of a type that could reasonably be remedied in that 60-day period, Lessee shall during that 60-day period be diligently pursuing the remedy. If the reason for shut-in is something other than temporary mechanical failure, Lessee shall be obligated to pay the Lessor the sum of One Dollar ($1.00) per net mineral acre of the Contract Acreage for each complete calendar month following the date that notice should have been provided to the Lessor during which said Well continues to be shut-in. Payment of said monthly shut-in royalty obligations shall serve to keep this Agreement in force as to the Contract Acreage during said shut-in period just as though the Well was producing Minerals in paying quantities.

(c) If following the Primary Term, a producing Well is shut-in due to economic or market conditions, Lessee shall, within 5 days thereafter, notify the Lessor and request the Lessor's consent to the shut-in, which consent will not be unreasonably withheld. If the Lessor reasonably withholds its consent, Lessee shall have 30 days after receipt of notification that the Lessor did not consent in which to re-establish production from such Well.

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6.03 PAYING QUANTITIES DETERMINATIONS.

a. By March 1 following the first full year after the expiration of the Primary Term, and on each March 1 of each succeeding year, Lessee shall submit a Paying Quantities Report to the Lessor relating to the calendar year preceding that March 1. For purposes of this Agreement, paying quantities shall be computed by subtracting the costs of operating a Well on the Contract Acreage, as determined in accordance with the Operating Agreement, including royalties, shut-in royalties and taxes (excluding income taxes), from the gross proceeds received for the sale of produced Minerals from that Well. If, over the course of the annual period for which the Paying Quantities Report applies, the gross proceeds from any Well on the Contract Acreage exceed the cost of operations for that Well, the Contract Acreage shall remain held by this Agreement ("Extended Term") for so long as during each subsequent annual period the gross proceeds from a Well on the Contract Acreage exceed the costs of operation for that Well. If the costs of operation of each Well on the Contract Acreage exceed the gross proceeds from the respective Well, then, subject to Lessee's rights under Section 6.06, the Contract Acreage shall be deemed no longer held by this Agreement effective on the date of the Paying Quantities Report, subject to Lessee's ongoing plugging and abandonment and reclamation obligations. For the purposes of this Agreement, a Well completed for the production of coal bed methane that is being produced for de-watering purposes shall not be included in determinations of Paying Quantities.

b. A Well completed for the production of coal bed methane that is being produced for de-watering purposes shall be deemed production in paying quantities hereunder for all purposes of this Agreement for the period reasonably required to de-water the well and begin production of coal bed methane.

6.04 GOVERNMENTAL COMPLIANCE.

Except as expressly provided in this Agreement, all operations conducted hereunder on the Contract Acreage shall be subject to all applicable federal and tribal laws, regulations and notices, including those applicable to oil and gas exploration, drilling and production activities on Indian lands found in Titles 25, 30 and 43 of the Code of Federal Regulations ("CFR").

6.05 INDEMNITIES, TRIBAL LIENS, BONDS AND INSURANCE.

(a) Lessee shall indemnify and defend, and save the Lessor harmless from all losses, liabilities, damages, costs, investigations, obligations, claims, penalties, causes of action, monitoring costs, and expenses (including but not limited to reasonable attorney fees, consultant fees and costs, expert fees and costs, laboratory testing, remediation and settlement costs, and claims, including, without limitation, third-party claims, whether for personal injury or real or personal property damage or otherwise, or administrative and informal proceedings)("Losses"), incurred by Lessor and resulting or arising from Lessee's acts or omissions in connection with: (i) any breach of any representation, covenant, or warranty made by Lessee in this Agreement or in any certificates or other instruments delivered by or on behalf of Lessee pursuant thereto; (ii) the use, non-use, storage, release, disposal, or generation by Lessee, or its agents, employees, contractors, or invitees, of any hazardous materials or substances in, on, under, or about the Contract Acreage; (iii) any accident, injury to, or death of persons, or loss of or damage to property occurring on or about the Contract Acreage or any portion thereof, or (iv)incurred in connection with the drilling, completing, operating or plugging and abandoning of any Well

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contemplated by this Agreement, except to the extent the Lessor has obligations arising from its acquisition of a Working Interest under the terms of the Development Agreement. The provisions of this Section shall survive the expiration or termination of this Agreement.

(b) All owners of Working Interests hereunder agree that the obligation to pay the Lessor's Royalty Interest hereunder, and the obligation to pay Tribal Taxes, until such payments are made, shall constitute a prior tribal governmental lien on all wells drilled and facilities installed pursuant to this Agreement, superior to all other liens relative to said Wells and facilities.

(c) In order to ensure the performance of any and all obligations of Lessee under this Lease, Lessee shall post, on or before the Effective Date, a performance bond in an amount equal to $75,000.00 (or such greater minimum amount from time to time set forth in 25 CFR 225.30) which bond shall be deposited with the Secretary and shall remain in force for the full term of this Minerals Agreement, unless sooner released in the discretion of the Lessor and the Secretary. Unless otherwise agreed to by the Lessor, this performance bond shall be in addition to any nationwide bonding requirements under federal regulation. The amount of the bond may be adjusted during any Term of this Lease. Should waiver of the bond be granted during any Term of this Lease by Lessor and the Secretary, Lessor and the Secretary reserve the right to request that Lessee furnish a bond at a later date if Lessor and the Secretary, in their reasonable discretion, should themselves insecure, and Lessee hereby agrees to comply with such request.

(d) In lieu of furnishing a performance bond, Lessee may deposit with the Secretary cash, negotiable United States Treasury Bonds, other negotiable Treasury obligations, time certificates of deposit, savings and loan association passbooks, or letters of credit in an amount acceptable to Lessor, together with an appropriate power of attorney appointing and empowering the Secretary, in the event of Lessee's default in any of the provisions of this Agreement, to pay from any such cash or equivalent, withdraw the funds from any such savings and loan association account, dispose of any such bond, or make demand upon any such letter of credit, and retain the proceeds derived there from to apply to Lessor's damages subject to Lessee's privilege of curing such default as hereinafter provided. If United States Treasury Bonds are provided, Lessee agrees to make up any deficiency in the value deposited that might occur due to a decrease in the value of the bonds. Interest on any such Treasury bonds or time certificates of deposit in excess of damages provided for in this Lease shall be paid to Lessee.

(e) During all times while this Agreement is in place, Lessee shall procure and maintain the following insurance coverages:

i. Public Liability Insurance. Public liability insurance in the primary amount of Ten Million Dollars ($10,000,000) per claim or incident with coverage for personal injury, bodily injury, including death, and property damage resulting for each incident.

ii. Fire And Damage Insurance. Lessee shall, from the Effective Date of this Agreement, carry vandalism insurance and fire and damage insurance with extended coverage endorsements covering the full replacement value of all improvements placed on the Contract Acreage by Lessee.

iii. Workers' Compensation and Occupational Disease Insurance: Applicable Law. Lessee agrees to carry such insurance covering all Lessee's employees

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working in, on, or in connection with the Contract Acreage as will fully comply with the provisions of the statutes of the State of Montana covering workers' compensation and occupation disease as such statutes are now in force or as they may be amended. Further, Lessee agrees to comply with all the terms and provisions of all applicable laws of Lessor and the United States, as now exist or as may be amended, pertaining to Social Security, unemployment compensation; wages, hours, and conditions of labor; and to indemnify and hold Lessor and the Secretary harmless from payment of any damages occasioned by Lessee's failure to comply with such law.

iv. Form And Copies Of Policies. Every insurance policy shall be written to protect Lessor, Lessee, and the Secretary jointly and shall provide for sixty (60) days written notification to Lessor and the Secretary prior to its cancellation for any reason including non-payment of premiums. Lessor and Secretary shall be named as additional insureds and loss payees on all insurance policies covering Lessee's activities on the Leased Premises, excluding the policies under iii., above. A summary of every policy shall be furnished Lessor and the Secretary on each anniversary of the Effective Date of this Agreement. Lessee shall pay all premiums and other charges payable with respect to such insurance.

(f) Lessor or the Secretary may make a periodic review of all bonds and insurance policies and coverage amounts held under this Agreement. The review shall give consideration to the economic conditions at the time and may result in adjustment of the types of bonds or insurance coverage or the amounts of any coverage whenever in the discretion of Lessor and the Secretary any such adjustment is necessary for the protection of Lessor or the Secretary.

6.06 CESSATION OF PRODUCTION AND ADDITIONAL WORK.

(a) If at any time or times after the expiration of the Primary Term production in paying quantities (as determined in Section 6.03) from the Contract Acreage permanently ceases (and no well is then properly shut-in in accordance with Section 6.02), this Agreement shall not terminate if Lessee notifies the Lessor within 15 days after the Paying Quantities Report that established that the Contract Acreage is not producing in paying quantities that Lessee intends to conduct any drilling or reworking operations on the Contract Acreage, and within 60 days following such notice, commences the drilling or reworking operations and obtains production in paying quantities as a result of such operations.

(b) If, during any operations under Section 6.06 (a), above, impenetrable substances are encountered or other conditions arise that render further drilling of any Well provided for in this Agreement impracticable or inadvisable, or if mechanical difficulties are encountered that require Lessee to abandon the original hole before the objective depth for such Well has been reached, Lessee may discontinue drilling and plug and abandon such Well and thereafter Lessee shall have the option for ninety (90) days following such cessation of drilling to commence the actual drilling of a Substitute Well at a legal location on the Contract Acreage. If Lessee elects to drill a Substitute Well, Lessee shall be considered as complying with the terms of this Agreement. If Lessee drills said Substitute Well in the same manner and subject to the same conditions as the original Well, then the Substitute Well shall be deemed for all purposes of this Agreement as the Well for which it is a substitute.

6.07 VALUATION OF TRIBE'S ROYALTY INTEREST.

(a) The Lessor's Royalty Interest shall be 19 per cent (19%) of the value of production.

(b) The value of production shall be calculated on the basis of the highest price paid or offered at the time of production for the major portion of the oil of the same gravity, and gas, and/or natural gasoline, and/or all other hydrocarbon substances produced and sold from the field where the leased lands are situated, and the actual volume of the marketable product less the content of foreign substances, in accordance with the regulations in Title 30 of the Code of Federal Regulations, including the provision for dual accounting in 30 CFR 206.176. All royalty calculations shall be made without deduction for any costs of production and development and without any costs subsequent to production, including, without limitation, all costs of gathering, dehydration, compression, gathering, transportation, treating, processing and marketing.

(c) For royalty purposes, volumes of produced Minerals shall be measured and computed at the wellhead for each Well. If Lessee desires to gather, collect and sell Minerals from central delivery facilities rather than at the wellhead, the formula of allocation of volumes, costs and proceeds relative to such central facilities shall be subject to audit by the Lessor.

(d) The Lessor shall be entitled to an annual minimum royalty, due within 30 days following the end of each anniversary of the date of this Agreement equal to the positive difference, if any, between (i) $2.00 per net mineral acre included within the Contract Acreage, minus, (ii) the sum of all royalties and shut-in royalties paid during such annual period. Minimum royalties shall not be credited against any royalties or other amounts owing hereunder during subsequent years.

6.08 ROYALTY IN KIND.

The Lessor shall have the right to elect on thirty (30) days' prior written notice to take its Royalty Interest in kind. When such Royalty Interest is to be paid in kind, Mineral production shall be delivered at such time that the Mineral production, on which the Royalty Interest is being taken in kind, is produced, at the wellhead or at the market pipeline, as designated by Lessor, without cost to the Lessor. The Lessor agrees that any gas production taken in kind shall be subject to any transportation contracts to which Lessee is a party with respect to the Mineral production from which the Royalty Interest is being taken in kind.

6.09 POOLING.

(a) Lessee shall have the right at its option to pool or combine portions of the Contract Acreage with other lands or leases when in Lessee's judgment it is necessary or advisable to do so in order to develop the Contract Acreage properly. Such pooling shall be in Spacing Units not to exceed 640 acres each for gas and 160 acres each for oil. Upon the pooling of a portion of the Contract Acreage into such a Spacing Unit, the Lessor's Royalty Interest shall be allocated its proportionate share of Minerals produced from such Spacing Unit.

CROW TRIBE Apsaalooke Nation

(b) In order to exercise its right to pool, Lessee shall submit to the Lessor a communitization agreement in a form reasonably acceptable to the Lessor. Such agreement shall provide, among other things, that all lands pooled with the Contract Acreage shall be subject to federal and tribal oil and gas regulation, as if such lands were part of the Contract Acreage. It is acknowledged by the parties that all activities conducted under this Agreement in a pooled Spacing Unit are matters impacting the general health and welfare of the Lessor, and it is the intent of the parties that such federal and tribal regulation shall be to the exclusion of other governmental regulation.

ARTICLE 7.
TERM OF AGREEMENT

7.01 TERM.

The Term of this Agreement shall be for the Primary Term and shall continue thereafter for such Extended Term in accordance with Section 6.02 and 6.03, or so long as this Agreement is otherwise maintained in effect pursuant to the provisions hereof.

ARTICLE 8.
GENERAL PROVISIONS

8.01 NOTICES.

All notices and communications required or permitted under this Agreement shall be in writing, and any communication or delivery hereunder shall be deemed to have been duly made if actually delivered or sent by mail, telegram or telefacsimile when received by the party charged with such notice and addressed as set forth in the initial paragraph of this Agreement. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to the other party.

8.02 FORCE MAJEURE.

All of Lessee's obligations and covenants hereunder may be suspended from time to time when compliance with any provision of this Agreement is prevented or substantially impaired by conditions or circumstances which are not reasonably foreseeable and are not reasonably controllable or preventable by Lessee, provided that Lessee strictly complies with the procedures outlined below.

(a) Within 3 business days after suspending any operation pursuant to force majeure conditions, Lessee shall provide the Lessor written notice setting forth the precise nature of the force majeure, the scope of operations suspended, and the anticipated period of suspension. Upon recommencing the suspended operations, Lessee shall promptly notify the Lessor of the termination of those conditions for which suspension was necessitated.

(b) In the event that notification of a force majeure condition is not timely made as provided herein, it shall be conclusively presumed that a force majeure condition did not exist for any time period more than 3 business days prior to the date of actual notification.

Crow Tribe Realty Branch
CROW TRIBE
Apsaalooke Nation

8.03 DISPUTE RESOLUTION AND CONSENT TO JURISDICTION.

All disputes arising under or related to this Agreement shall be resolved in accordance with the Dispute Resolution Procedures contained in the Development Agreement.

8.04 FINANCING AND SECURITY INTERESTS.

Lessee, its successors and assigns may pledge and encumber the Working Interest in this Agreement for the purpose of obtaining financing needed to carry out the terms of this Agreement, provided that (i) the Lessor is notified in writing of any such proposed pledge or encumbrance, (ii) the Lessor consents to the issuance of security interests in the Agreement, including the assignment of rights or interests needed to secure such financing, (iii) the issuance of security interests is approved by the Bureau of Indian Affairs. Perfection and recording of such security interests shall be conducted in accordance with applicable federal and tribal law or regulation. In no event shall such security interest obtain a higher priority, lien or security position than the Lessor's perpetual governmental lien on Royalty Interest proceeds and Tribal Tax obligations.

8.05 SECRETARY OF INTERIOR APPROVAL.

This Agreement is subject to the requirement of approval hereof by the Secretary of the Interior or his authorized delegate. If such approval is not received on or before 180 days from the date of this Agreement, Lessee shall have the option, upon written notice to the Lessor, to terminate this Agreement with no liability whatsoever to Lessee or to the Lessor.

8.06 ASSIGNMENTS.

(a) If Lessee desires to sell all or any portion of its interests in the Contract Acreage, then Lessee shall first notify the Lessor, specifying the interests to be sold. For a period of 30 days following the Lessor's receipt of that notice, Lessee shall negotiate exclusively with the Lessor on the sale of such interests. If the parties are unable to reach agreement on the sale of the interests to the Lessor within that 30-day period, or if the Lessor earlier states that it does not wish to purchase those interests, then Lessee shall be free to solicit and negotiate with other parties for the sale of those interests. It is provided, however, if the Lessor desired to purchase those interests but the parties could not reach agreement, the Lessor shall have the right, within the foregoing 30-day period, to furnish Lessee with a final offer, containing all terms, conditions, requirements and limitations on which the Lessor is ready, willing and able to purchase the interests (the "Final Offer"). Lessee agrees that if it timely received a Final Offer from the Lessor, Lessee will not thereafter sell the interests that were the subject of the Final Offer on terms less favorable to Lessee than those contained in the Final Offer (taking into account the purchase price in the Final Offer together with all other terms, conditions, requirements and limitations therein).

(b) It is provided, however, that any assignment of all or any portion of the interests covered by this Agreement shall be subject to the approval of the Lessor, which approval shall not be unreasonably withheld, and if the Lessor fails to respond within 15 days following a request for that approval, the Lessor shall be deemed to have given its approval to the transfer by Lessee.

(c) The foregoing right of consent and right of first negotiation shall survive

any approved assignment and shall be a covenant running with the land.

8.07 INUREMENT.

This Agreement shall inure to the benefit of and be binding upon the parties hereto, their permitted successors and assigns.

8.08 ENTIRE AGREEMENT.

This Agreement, together with the Development Agreement, constitutes the entire agreement and understanding between the parties and supersedes any and all prior agreements, understandings and negotiations, written or oral, relating to the subject matter hereof.

8.09 AMENDMENTS.

The Agreement may be modified and amended only by written instrument executed by the parties hereto, subject to approval of the Bureau of Indian Affairs, where applicable, under the provisions of 25 CFR Part 225.

8.10 CONFLICTS AND DEVELOPMENT AGREEMENT.

This Agreement is made subject to the terms and provisions of the Development Agreement, all of which are incorporated herein by this reference. To the extent that there are any conflicts or inconsistencies between the terms of this Agreement and the terms of the Development Agreement, the terms of the Development Agreement shall control and prevail.

8.11 NO WARRANTY.

The granting of this Agreement does not constitute any warranty of title with respect to the Lessor's ownership of the Contract Acreage or the Minerals thereunder and the Lessor expressly makes no warranty of title with respect to the foregoing.

8.12 COUNTERPARTS.

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

Executed to be effective as of the date first set forth above.

APPROVED:

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

By: _____
Superintendent

CROW TRIBE OF INDIANS

By: _____
Chairman

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

Date: _____

Date: _____

LESSEE:
ALLIANCE ENERGY GROUP, LLC

By: _____
Title: _____
Date: _____

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

EXHIBIT C

To that certain Exploration and Development Agreement dated _____ _____, 2005, by and between The Crow Tribe of Indians, Crow Indian Reservation, a federally recognized Indian tribe, (the "Nation"), and Alliance Energy Group, LLC, ("Alliance")

Joint Operating Agreement

(attached behind this page)

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation

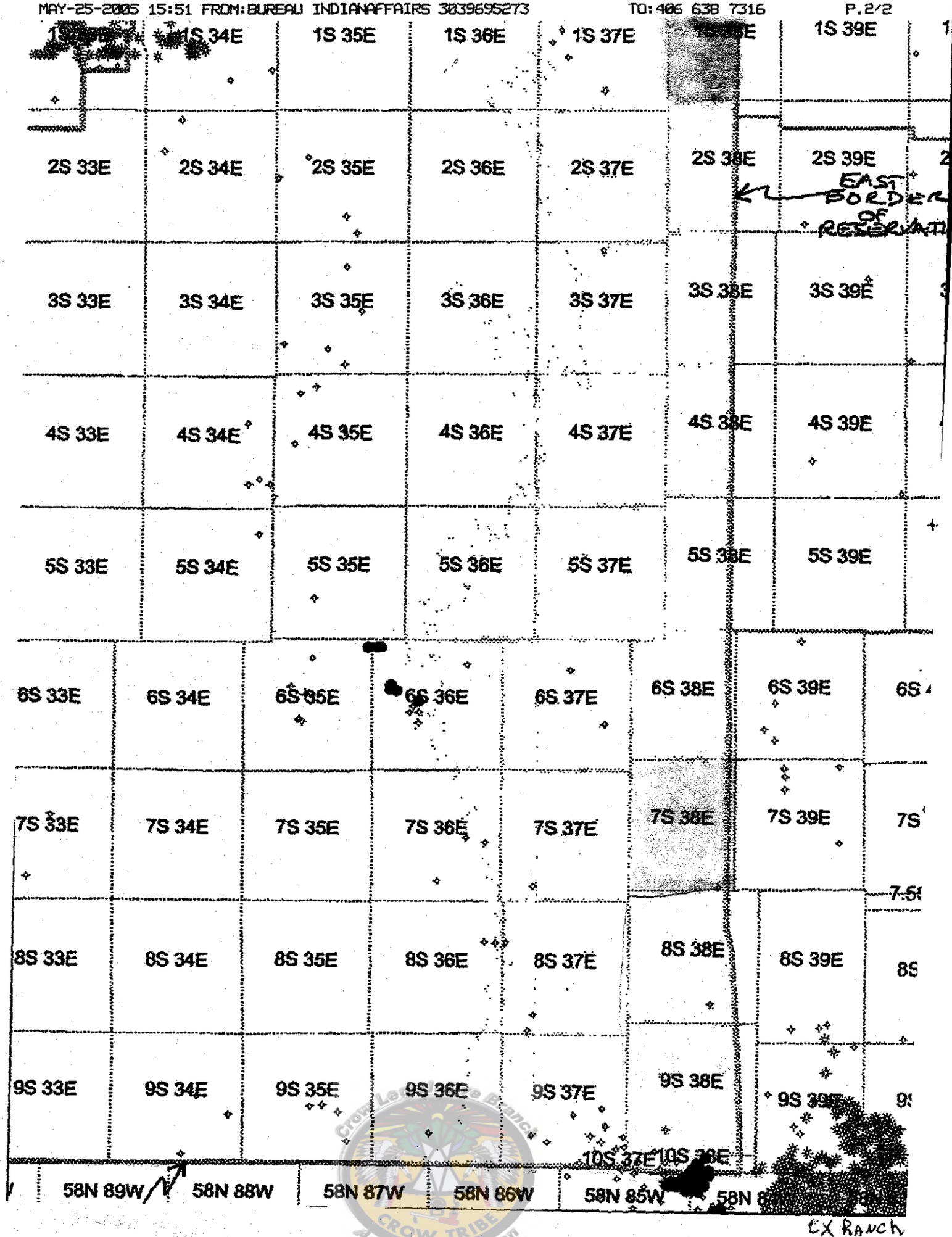
EXHIBIT D

To that certain Exploration and Development Agreement dated _____ _____, 2005, by and between The Crow Tribe of Indians, Crow Indian Reservation, a federally recognized Indian tribe, (the "Nation"), and Alliance Energy Group, LLC, ("Alliance")

TOWNSHIPS SUBJECT TO ALLIANCE'S RIGHT OF FIRST REFUSAL

Township 7 South, Range 38 East
Township 1 South, Range 38 East

Crow Legislative Branch
CROW TRIBE
Apsaalooke Nation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