

UPDATE ON GAS LEASES WITH “EDGE RESOURCES, LLC”

On 4/26/11, I (Pam Hammer) spoke with Mike Martinez, Owner of Edge Resources (817/870-0130). I had left a message earlier in the day for Mr. Martinez, advising him that the North Walnut Creek HOA would be holding their annual meeting on 4/27/11 and I wanted the Homeowners to know what the most current status was in our getting our Division Orders for the Debbie Lane Oil & Gas Pool. Mr. Martinez was prompt in returning my call the same day and the following is a summary of what we discussed:

Mr. Martinez advised that there are those Homeowners in our Subdivision who might be signed up with one of 4 Gas Companies: 1) Edge Resources; 2) Chesapeake (originally Dale Resources), 3) XTO (possibly Grande or Hollis Sullivan) and, 4) Range (originally Grande and who is currently in the process of selling out to another company). For those signed with other Gas Companies, you will need to contact your representatives directly.

Now having said all of that, Edge Resources intends to drill up to 36 wells in total within the Debbie Lane pool, but realize that this will take time to achieve. The hold up these past 8-9 months has been that Edge Resources has been in negotiations with Chesapeake and XTO to make some trades in well sites (a result of Homeowners signing with those companies) and they have been waiting to get the necessary documents from these other gas companies to turn over to their attorney to finalize our Division Orders. Additionally, the attorney for Edge Resources has been overwhelmed with the nearly 3,000 opinions that had to be rendered. To make a long story short, the document he needed from Chesapeake last Friday with Tarrant County, Edge Resources Attorney has all the necessary documents to prepare the Division Orders for some 3,000 property owners in the Debbie Lane Pool. The information will then be turned over to the Accountant to punch in the decimal percentage (depending on lot size) due to each owner. Once this is completed and reviewed for accuracy (hopefully next 2-3 weeks) the Division Orders will be immediately mailed to all property owners. As soon as you receive your Division Order, the proper parties need to sign, notarize and mail these documents back to Edge Resources. Your check will be processed at the end of the following month the document is received and will continue to be processed each month thereafter, per the Division Order. You should receive your royalty check the first week of every month. Note: There will be a separate Division Order sent to you for each new well drilled so expect future Division Orders to be mailed to you. Again, you will sign and notarize each Division Order and continue to send these back to Edge Resources. Your Division Order specifies each separate well by a name or number. A report will be included with each royalty check you receive (like a Check Stub) to tell you what the well produced and an

