



# Grand Directions

2448 E. 81ST STREET, SUITE 4040 TULSA, OK 74137 (918) 492-2366 (918) 492-9742 FAX

November 16, 2005

Mr. Bob Jones  
Your Oil Company (PARTNER COMPANY)  
2448 East 81<sup>st</sup> Street, Suite 4040  
Tulsa, OK 74137

**RE: Horizontal Drilling Agreement**  
**Field Name**  
**Legal Description of your Project,**  
**?? County, Oklahoma**

Dear:

Please refer to our meeting Monday, November 14, 2005 where we discussed Grand Directions, L.L.C. s' interest in drilling horizontal wells in the \_\_\_\_\_ Field acreage. After reviewing the preliminary information, we are encouraged enough to continue doing geologic and engineering evaluations. As a result, we feel it is necessary at this time to enter into a formal contract whereby Grand Directions will pursue the identification of a location to be drilled. The following will outline the terms of the subject contract.

1. PARTNER COMPANY agrees to give Grand Directions access to the property described in this agreement so that we may acquire the necessary field information. This access will be contingent upon your prior knowledge and approval of who accesses the property, and any testing to be done.

2. Grand Directions, at its expense, will conduct the tests, engineering and geologic work associated with the evaluation of the \_\_\_\_\_ Field for horizontal drilling purposes and the identification of prospective horizontal drilling locations.

3. Grand Directions proposes drilling a new well to the \_\_\_\_\_ Formation, log, set pipe, and cement 5-1/2 casing at PARTNER COMPANY expense. The estimated cost of the drilling and setting of pipe will be an estimated \_\_\_\_\_ as per the attached AFE. Grand Directions will cut the curve and the horizontal lateral at its expense on each well. Thereafter, Grand Directions and PARTNER COMPANY will be 50/50 working interest partners, on a horizontal well bore by well bore basis. The subject horizontal wells will be operated by PARTNER COMPANY under a mutually agreeable 610 Operating Agreement. All completion expenses including tubing, rods, pumping units, flow lines, tank batteries, etc., will be shared on a 50/50 basis. All additional horizontal wells will be drilled on the above described property unless modified in writing.

4. Grand Directions will have six (6) months, beginning December 1, 2005, to identify an area to be tested and commence drilling the first horizontal well at a mutually agreeable location. Thereafter, Grand Directions shall drill at least one well every year of this agreement.

5. Subsequent to this period, Grand Directions agrees to drill at least one horizontal well per year for an additional fourteen (14) years. When or if Grand Directions fails to meet this requirement, the acreage described shall become exempt from this agreement. In no event however, shall Grand Directions lose any rights or working interests earned in the well bores previously drilled subject to this agreement.

6. Grand Directions does not earn any rights into the existing well bores previously drilled and/or production.

7. It is agreed and understood that no party other than Grand Directions shall be permitted to drill horizontal wells on the subject acreage, so long as said acreage (quarter sections) is subject to this agreement.

8. Should either party decide to sell its' interest in any horizontal well(s) subject to this agreement, the other party shall have the first right of refusal to purchase the interest at the same price.

9. As the project develops, the parties hereto may wish to modify the terms of this agreement. Any modification must be in writing with signatures of Grand Directions, L.L.C. and PARTNER COMPANY.

10. The acreage in this agreement shall be described as the LEGAL DESCRIPTION OF ACREAGE, ???? County Oklahoma. Grand Directions agrees to drill at least one horizontal well per year for the next fourteen (14) years.

If the foregoing meets with your approval, please sign one copy and return it to Grand Directions so that we may proceed with the project. If you have any questions regarding the subject matter, please feel free to contact me.

Yours very truly,

GRAND DIRECTIONS, INC.

Marvin Robinowitz  
President

I hereby agree with the terms of this contract as stated above

PARTNER COMPANY

\_\_\_\_\_  
Superintendent of Operations

\_\_\_\_\_  
Date