

JOINT OPERATING AGREEMENT

THIS JOINT OPERATING AGREEMENT (the "Agreement") is entered into and made effective as of this ____ day of _____, 20____, by and between the parties signatory hereto.

WITNESSETH:

WHEREAS, the parties hereto are owners of oil and gas leases and/or oil and gas interests in the land and areas described in Exhibit "A" attached hereto (the "Contract Area"), and desire to explore, develop, and operate said leases and interests for the production of Natural Gas and associated hydrocarbons;

NOW, THEREFORE, in consideration of the mutual covenants, conditions, and agreements herein contained, the parties agree as follows:

ARTICLE I - DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed to them:

1. "**Contract Area**" shall mean all of the lands, oil and gas leases, and/or oil and gas interests of the parties hereto that are described in Exhibit "A" and subject to this Agreement.
2. "**Natural Gas**" shall mean all gaseous hydrocarbons, including wet gas, dry gas, casinghead gas, and all other liquid and gaseous substances produced in association therewith.
3. "**Operator**" shall mean the party designated to conduct the operations under this Agreement.
4. "**Non-Operator**" shall mean any party to this Agreement other than the designated Operator.
5. "**Joint Account**" shall mean the accounts established and maintained by the Operator for the recording of joint costs, expenses, and revenues under this Agreement.

ARTICLE II - EXHIBITS

The following Exhibits are attached hereto and by reference made a part hereof:

- A. Exhibit "A" - Description of Lands, Leases, and Interests Subject to this Agreement.
- B. Exhibit "B" - Accounting Procedure (COPAS).
- C. Exhibit "C" - Insurance Requirements.
- D. Exhibit "D" - Gas Balancing Agreement.

ARTICLE III - DESIGNATION AND RESPONSIBILITIES OF OPERATOR

3.1 Designation of Operator

_____ is hereby designated as the Operator of the Contract Area, and agrees to conduct and direct all operations required or authorized under this Agreement.

3.2 Standard of Care

Operator shall conduct all operations in a good and workmanlike manner, in accordance with prudent industry practices, and in compliance with all applicable local, state, and federal laws and regulations.

ARTICLE IV - WORK PROGRAMS AND BUDGETS

On or before the ____ day of _____ of each calendar year, the Operator shall submit to the Non-Operators an annual Work Program and Budget for the Contract Area for the succeeding calendar year. Non-Operators shall have thirty (30) days from receipt to approve or propose modifications to the proposed Work Program and Budget.

ARTICLE V - COST AND EXPENSES

Except as otherwise provided herein, all costs and expenses incurred by Operator in the conduct of operations on the Contract Area shall be borne by the parties in accordance with their respective participating interests as set forth in Exhibit "A".

ARTICLE VI - DISPOSITION OF GAS PRODUCTION

Each party shall have the right and obligation to take in kind or separately dispose of its proportionate share of the Natural Gas produced from the Contract Area. In the event any party is unable to take or market its share of Natural Gas, the parties shall be governed by the terms of the Gas Balancing Agreement attached hereto as Exhibit "D".

ARTICLE VII - TERM OF AGREEMENT

This Agreement shall remain in force and effect for as long as any lease or leases subject to this Agreement remain in force, or for as long as Natural Gas is being produced or is capable of being produced in commercial quantities from the Contract Area, and for an additional period of _____ days thereafter.

ARTICLE VIII - GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to its conflict of law principles. Any dispute arising out of or relating to this Agreement shall be resolved through binding arbitration in _____.

ARTICLE IX - EXECUTION

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below their respective signatures.

OPERATOR:

Company: _____

By: _____

Name: _____

Title: _____

Date: _____

NON-OPERATOR:

Company: _____

By: _____

Name: _____

Title: _____

Date: _____

NON-OPERATOR:

Company: _____

By: _____

Name: _____

Title: _____

Date: _____

NON-OPERATOR:

Company: _____

By: _____

Name: _____

Title: _____

Date: _____