

## CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 2013 by and between **TRATON ENGINEERING ASSOCIATES, LP** with its principal offices at 2929 Allen Parkway, Suite 3450 Houston, TX 77019 (the "Disclosing Party"), and \_\_\_\_\_ with its principal offices at \_\_\_\_\_ (the "Receiving Party"), each of which may hereinafter be referred to individually as a "Party" or collectively as the "Parties."

1. **CONFIDENTIAL INFORMATION:** In connection with Receiving Party's evaluation of certain land, geological, geophysical, and other petroleum exploration and production rights and interpretations held by the Disclosing Party in and to the defined project area described on *Exhibit A* attached hereto and incorporated herein by this reference (the "**Area**"), and in connection with the Receiving Party's evaluation of certain technological data and information, business plans, research and development materials, economic analysis, know-how, research and development materials and other pertinent data and documents held by the Disclosing Party relating to the Area, the Disclosing Party is willing, in accordance with the terms and conditions for this Agreement, to disclose, show, present, and review with the Receiving Party, such information which shall include but is not necessarily limited to, data, maps, plans, models, reports, contracts, and interpretations (the "**Confidential Information**") associated with the Area. The term "Confidential Information" also shall include (a) all notes, analyses, documents, compilations, studies, interpretations or other materials, regardless of form or medium, prepared by the Receiving Party or any person to whom the Confidential Information was disclosed pursuant to Paragraph 6 (collectively, the "Receiving Party Representatives") which contain, reflect, or are based upon, in whole or in part, any of the Confidential Information, and (b) the contents of discussions and negotiations between the Parties concerning the Area. In this Agreement, "Affiliated Company" shall mean any person which (a) controls either directly or indirectly a Party, or (b) is controlled directly or indirectly by such Party, or (c) is directly or indirectly controlled by a person which directly or indirectly controls such Party, for which purpose "control" shall mean the right to exercise fifty percent (50%) or more of the voting rights in the appointment of the directors or similar representation of a person, and for which purpose and for the purpose of other provisions of this Agreement "person" shall mean any individual, corporation, government, partnership, company, group, authority, association or other entity.
2. **TERM:** In consideration of the disclosure referred to in Paragraph 1 and for a time period of one (1) years from the date of this Agreement, the Receiving Party agrees to cause the Receiving Party Representatives to keep the Confidential Information strictly confidential and not to sell, trade, publish or otherwise disclose all or part of the same to any person in any manner whatsoever, including, without limitation, by means of photocopy, reproduction or electronic media, without Disclosing Party's prior written consent, except as provided in this Agreement.
3. **CONFIDENTIALITY:** Receiving Party agrees that any discussions with the Disclosing Party will be kept confidential and agrees not to divulge the existence or content of any discussions to any person, other than such persons as are described herein and who have a need to be aware of such discussions. For the purposes of this Agreement, discussions shall mean such things as whether the Parties have met to discuss the Area and whether Receiving Party is considering entering into a transaction involving the Area.
4. **EXCEPTIONS TO CONFIDENTIAL INFORMATION:** The term Confidential Information shall be deemed not to include information that, as shown by evidence of the Receiving Party:

- (a) is already in possession of the public or becomes available to the public other than through the act or omission of the Receiving Party or the Receiving Party Representatives;
  - (b) is acquired independently and without any confidentiality obligation by the Receiving Party or its Affiliated Companies from a third party that has the right to disseminate such information at the time it is acquired by the Receiving Party or such Affiliated Company; or
  - (c) is already in the possession of or known to Receiving Party as of the date of disclosure or developed by the Receiving Party or Affiliated Companies or the Receiving Party Representatives independently of the Confidential Information received hereunder.
5. **EXCEPTIONS TO CONFIDENTIALITY – LAW & REGULATION:** The Receiving Party may disclose the Confidential Information without Disclosing Party’s prior written consent to the extent such information is required to be disclosed under applicable law, stock exchange regulations or by a governmental order, decree, regulation or rule; provided that the Receiving Party makes commercially reasonable efforts to give prompt written notice to Disclosing Party prior to such disclosure; and provided, further, that, in any case, the Receiving Party shall only disclose that portion of the Confidential Information that, in the opinion of the Receiving Party’s legal counsel, is required to be disclosed and shall use reasonable efforts to ensure further confidential treatment of the information so disclosed.
6. **EXCEPTIONS TO CONFIDENTIALITY – SPECIFIC PERSONS:** The Receiving Party may disclose the Confidential Information without Disclosing Party’s prior written consent to such of the following persons who have a clear need to know in order to evaluate the Area :
- (a) employees, officers, and directors of the Receiving Party and its Affiliated Companies; provided that the Receiving Party guarantees the adherence by such Affiliated Companies to the terms of this Agreement if those Affiliated Companies receive Confidential Information; and
  - (b) any consultant, counsel or agent retained by the Receiving Party or any of its Affiliated Companies for the purpose of evaluating the Confidential Information.
7. **OBLIGATION TO HOLD DISCLOSED PARTIES CONFIDENTIAL:** Prior to making any such disclosures to persons under Paragraph 6(b), however, the Receiving Party shall obtain an undertaking of confidentiality, substantially in the same effect as this Agreement, from each such person; provided that in the case of outside legal counsel, the Receiving Party shall only be required to procure that such legal counsel is bound by a professional legal duty of confidentiality.
8. **RESPONSIBILITY TO ENSURE DISCLOSED PARTIES HOLD CONFIDENTIAL:** The Receiving Party shall be responsible for (a) ensuring that the Receiving Party Representatives shall keep the Confidential Information strictly confidential in accordance herewith and shall not disclose or divulge the same to any unauthorized person, and for (b) the Receiving Party Representatives’ failure to comply with the same as though such failure was a failure to comply with this Agreement by the Receiving Party.
9. **RECOVERY OF CONFIDENTIAL INFORMATION:** Nothing in this Agreement shall confer on the Receiving Party or the Receiving Party Representatives any property rights in the Confidential Information, and Disclosing Party may demand the return thereof at any time upon giving written notice to the Receiving Party. Within ten (10) days of receipt of such notice, the Receiving Party shall return all of the original Confidential Information furnished by or on behalf of the Disclosing Party and shall destroy all copies and reproductions thereof, regardless of form or medium, including, but not limited to,

electronic data, and all other Confidential Information, regardless of form or medium, prepared by the Receiving Party or the Receiving Party Representatives in its possession or in the possession of such representatives. Copies of Confidential Information that were automatically created by Receiving Party's computer backup systems do not need to be returned or destroyed but Receiving Party shall not use such copies after receipt of such request.

- 10. NO REPRESENTATION OR WARRANTY:** EACH MEMBER OF THE DISCLOSING PARTY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO (A) THE QUALITY, ACCURACY, COMPLETENESS, OR MATERIALITY OF THE CONFIDENTIAL INFORMATION (B) THE PRESENCE OF HYDROCARBONS WITHIN THE PROPERTIES, OR (C) THE RESULTS WHICH MIGHT BE EXPECTED FROM ANY EXPLORATION, DEVELOPMENT, PRODUCTION, AND/OR HYDROCARBON MARKETING ACTIVITIES INVOLVING THE PROPERTIES. NOTHING CONTAINED IN THE INFORMATION IS OR SHALL BE RELIED UPON AS A PROMISE OR REPRESENTATION OR WARRANTY, WHETHER AS TO THE PAST, PRESENT OR FUTURE. RECEIVING PARTY ACKNOWLEDGES AND AGREES WITH THE FOLLOWING (A) DISCLOSING PARTY EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY AND RESPONSIBILITY FOR THE QUALITY, ACCURACY, COMPLETENESS, AND MATERIALITY OF THE CONFIDENTIAL INFORMATION (B) THE RECEIVING PARTY WILL CONDUCT ITS OWN INDEPENDENT EVALUATION AND ANALYSIS OF THE AREA AND SATISFY ITSELF AS TO THE QUALITY, ACCURACY, COMPLETENESS, AND MATERIALITY THE CONFIDENTIAL INFORMATION AND (C) THE RECEIVING PARTY WILL RELY SOLELY ON ITS OWN INDEPENDENT EVALUATION AND ANALYSIS OF THE AREA WHEN DECIDING WHETHER OR NOT TO SUBMIT A BID, ENTER INTO DEFINITIVE AGREEMENTS AND/OR CONSUMMATE A TRANSACTION. DISCLOSING PARTY, ITS RESPECTIVE AFFILIATED COMPANIES, CO-VENTURERS AND THEIR AFFILIATED COMPANIES, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND REPRESENTATIVES (COLLECTIVELY, THE "DISCLOSING PARTY GROUP") SHALL HAVE NO LIABILITY WHATSOEVER TO ANY MEMBER OF THE RECEIVING PARTY (AS DEFINED BELOW) WITH RESPECT TO THE USE OF OR RELIANCE UPON THE CONFIDENTIAL INFORMATION BY THE RECEIVING PARTY, ITS AFFILIATED COMPANIES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND REPRESENTATIVES. ONLY THOSE REPRESENTATIONS OR WARRANTIES WHICH ARE MADE IN A FINAL DEFINITIVE AGREEMENT REGARDING RECEIVING PARTY'S PARTICIPATION IN A TRANSACTION REGARDING THE AREA, WHEN, AS AND IF EXECUTED, AND SUBJECT TO SUCH LIMITATIONS AND RESTRICTIONS AS MAY BE SPECIFIED THEREIN, WILL HAVE ANY LEGAL EFFECT.
- 11. NO TRANSACTION:** Unless otherwise expressly stated in writing, any prior or future proposals made in the course of the Parties' discussions relating to the possible transaction regarding the Area are implicitly subject to all necessary management and government approvals and may be withdrawn by either Party at any time. Each Party, in its sole and absolute discretion, shall have the right to discontinue discussions or negotiations with respect to a possible negotiated transaction contemplated hereby at any time without having to state the reason therefore.
- 12. GOVERNING LAW:** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS PROVISIONS THEREOF. THE PARTIES CONSENT TO THE EXCLUSIVE JURISDICTION AND VENUE IN THE UNITED STATES DISTRICT COURT FOR SUCH STATE, AND TO SERVICE OF PROCESS UNDER THE STATUTES OF SUCH STATE. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.
- 13. SPECIFIC PERFORMANCE AND EQUITABLE RELIEF:** Without prejudice to the rights and remedies otherwise available to Disclosing Party, the Receiving Party agrees that money damages may not be an adequate remedy for any breach of this Agreement and that

Disclosing Party may be entitled to seek specific performance and other equitable relief by way of injunction if the Receiving Party or any of the Receiving Party Representatives breaches or threatens to breach any provision of this Agreement. The remedies in this Paragraph shall not be deemed exclusive remedies for a breach of this Agreement by the Receiving Party or any of the Receiving Party Representatives but shall be in addition to all other remedies available to Disclosing Party, at law or in equity.

- 14. **AMENDMENTS:** No amendments, changes or modifications to this Agreement shall be valid except if the same are in writing and signed by a duly authorized representative of each of the Parties.
- 15. **ASSIGNMENT:** This Agreement shall inure to the benefit of and bind the respective successors, heirs, representatives and permitted assigns of the Parties. Any assignment of this Agreement, in whole or in part, by the Receiving Party without Disclosing Party's prior written consent is void.
- 16. **NO WAIVER:** The Parties agree that no failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, unless such waiver is made expressly and confirmed in writing by the Party against which such waiver would be enforced, nor shall any single or partial exercise by a Party of any right, power or privilege hereunder preclude any other or future exercise thereof.
- 17. **ENTIRE AGREEMENT:** This Agreement comprises the full and complete agreement of the Parties with respect to its subject matter and supersedes and cancels all prior and contemporaneous communications, understandings and agreements between the Parties, whether written or oral, expressed or implied, with respect to such subject matter.
- 19. **HEADINGS:** The headings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties, and they should not be used to aid in any manner in construing this Agreement.

Each Party may sign any number of identical counterparts of this Agreement with the same effect as if the Parties signed the same document and all of which shall be considered one and the same agreement. A copy of this Agreement signed by a Party and delivered by facsimile transmission or PDF-file email transmission to the other Parties shall have the same effect as the delivery of an original of this Agreement containing the original signature of such Party.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have caused this Agreement to be executed on the date first written above.

**TRATON ENGINEERING ASSOCIATES, LP**

By: \_\_\_\_\_  
Patrick W. Merritt - President

\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT A**

**The Area is defined as Sections 12, 13, and 24 of Township 11 North, Range 17 West in Van Buren County, Arkansas and Section 18 of Township 11 North, Range 16 West in Van Buren County Arkansas.**