



DAVID H. ARRINGTON
OIL & GAS, INC.

April 12, 2010

City of Euless
201 N. Ector
Euless, Texas 76039

Attn: Chris Barker, Director of Planning and Development

Re: Reveille #1-H well and the Reveille #2-H well
Gas Well Pad Site Permit

Dear Mr. Barker:

As per our discussions attached please find a Gas Well Pad Site Permit Application to amend or revise our approved permit #09-10-CC. It is our understanding that you will use the Exhibits submitted with our gas operations permit (# 10-01-CC) for your review at this time. We will submit the entire set of the Exhibits for the Council after your review is complete. We also submit herewith our check #4969 dated April 7, 2010 in the amount of \$1,500.00 as the required pad site permit fee.

If you need additional information regarding this permit application please do not hesitate to contact me at any time.

Sincerely,
David H. Arrington Oil & Gas, Inc.

A handwritten signature in blue ink, appearing to read "M. Scott Wilshusen", with a long, sweeping flourish extending to the right.

M. Scott Wilshusen
Consulting Landman
361-877-0926 (mobile)
scott.wilshusen@arringtonoil.com

APPLICATION TYPE

Gas Well Pad Site Permit

Gas Well Operations Permit
 Re-drilling or re-working

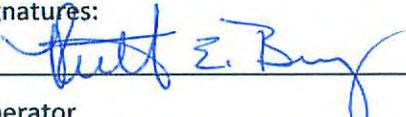
OPERATOR / PROPERTY OWNER / APPLICANT INFORMATION

Operator: David H. Arrington Oil & Gas, Inc. RRC operator number: 033148
 Incorporation State TX, Partnership _____ (list partners on a separate sheet)
 Physical mailing address (not a P.O. Box):
 Designated Contact Person Keith Bucy (Agent data is added below)
 Street 500 West Wall St. Suite 300
 City Midland, State TX, Zip Code 79701 - _____
 Office phone (432) 682-6685 Mobile (817) 437-3079, Email keith@arringtonoil.com
 FAX phone (432) 682-4139 **24 Hour Emergency Contact Phone Number ()** See Emergency Response Plan

Property Owner: Keith Frank
 Physical mailing address (not a P.O. Box):
 Designated Contact Person Keith Frank
 Street 627 S. Flood Ave. Suite _____
 City Norman, OK 73069, State OK, Zip Code 73069 - _____
 Office phone () _____ Mobile (405) 249-9600, Email keithfrank5@hotmail.com
 FAX phone () _____

Agent Applicant (If not one of above): _____
 Physical mailing address (not a P.O. Box):
 Designated Contact Person _____
 Street _____ Suite _____
 City _____, State _____, Zip Code _____ - _____
 Office phone () _____ Mobile () _____, Email _____
 FAX phone () _____

I certify that the above information is correct and complete to the best of my knowledge and ability and that I am now or will be fully prepared to represent the above Gas Well Pad Site or Gas Well Operations Permit request before the City Council or City Staff. I acknowledge that I have reviewed and understand the requirements contained in Chapter 40 Gas Well Drilling of the Euless Code of Ordinances, and understand the policies and procedures regarding consideration of Gas Well Pad Site and Gas Well Operations Permits and water use. I reserve the right to withdraw this gas well permit request at any time upon written request filed with the Planning and Development Department.

Signatures:
 4/10/10  4-10-10
 Operator Date Property Owner Date

The Property Owner(s) must sign the application or provide signatures on separate sheet.

SITE AND OPERATION INFORMATION

Lease Name Reveille Gas UnitStreet Address or Legal Description 1051 Westpark Way, Euless, TX 76040 (Tr. 3B, 2.788 Acres)Central Abstract: A-1080 Survey Name J. Matson County TarrantNumber of Wells to be Permitted with this Application: 2

Well Information:

Well name Reveille 1-H, Pad site _____ Well number 1-HWell API: 42- 439 - 33231, RRC permit number 657492Abstract A-1080, Survey J. Matson County TarrantX-coordinate 420766 Y-coordinate 2116095Well name Reveille 2-H, Pad site _____ Well number 2-HWell API: 42- 439 - 34267, RRC permit number 679498Abstract A-1080, Survey J. Matson County TarrantX-coordinate 420751 Y-coordinate 2116094

Well name _____, Pad site _____ Well number _____

Well API: 42- _____ - _____, RRC permit number _____

Abstract _____, Survey _____ County _____

X-coordinate _____ Y-coordinate _____

Well name _____, Pad site _____ Well number _____

Well API: 42- _____ - _____, RRC permit number _____

Abstract _____, Survey _____ County _____

X-coordinate _____ Y-coordinate _____

Wellhead(s) located within 600 feet of a Residential Structure,
Commercial Structure, Public Building, or Public Park, or Golf Course? Yes NoPad Site located in 100-year flood plain? Yes NoWill pipelines be installed on, across or under public property or right-of-way? Yes No

City Staff to Fill in Case and Fees:

CFW Case Number _____ - _____ - GW

Fee Paid \$ _____

Receipt No. _____

Check No. _____

Staff Initials _____

Water Needs Questionnaire

If the intended source of water is the City of Euless, the information provided herein will be evaluated to determine the impact on daily water system operations. If it is determined that the additional demand will restrict the City's ability to effectively distribute water to its customers, alternative provisions for water or postponement of drilling operations may be required until water system demands are reduced. In the event escalated water restrictions are implemented beyond Stage 1 of the City of Euless **Drought Contingency/Water Emergency Management Plan**, all water use for drilling is subject to suspension until the restrictions are lifted.

1. Provide a description of public utilities required during the drilling operation.

Fresh Water from fire hydrant on West Pipeline Road

2. Provide a description of the water source to be used during the drilling operation.

Fire hydrant on West Pipeline Road

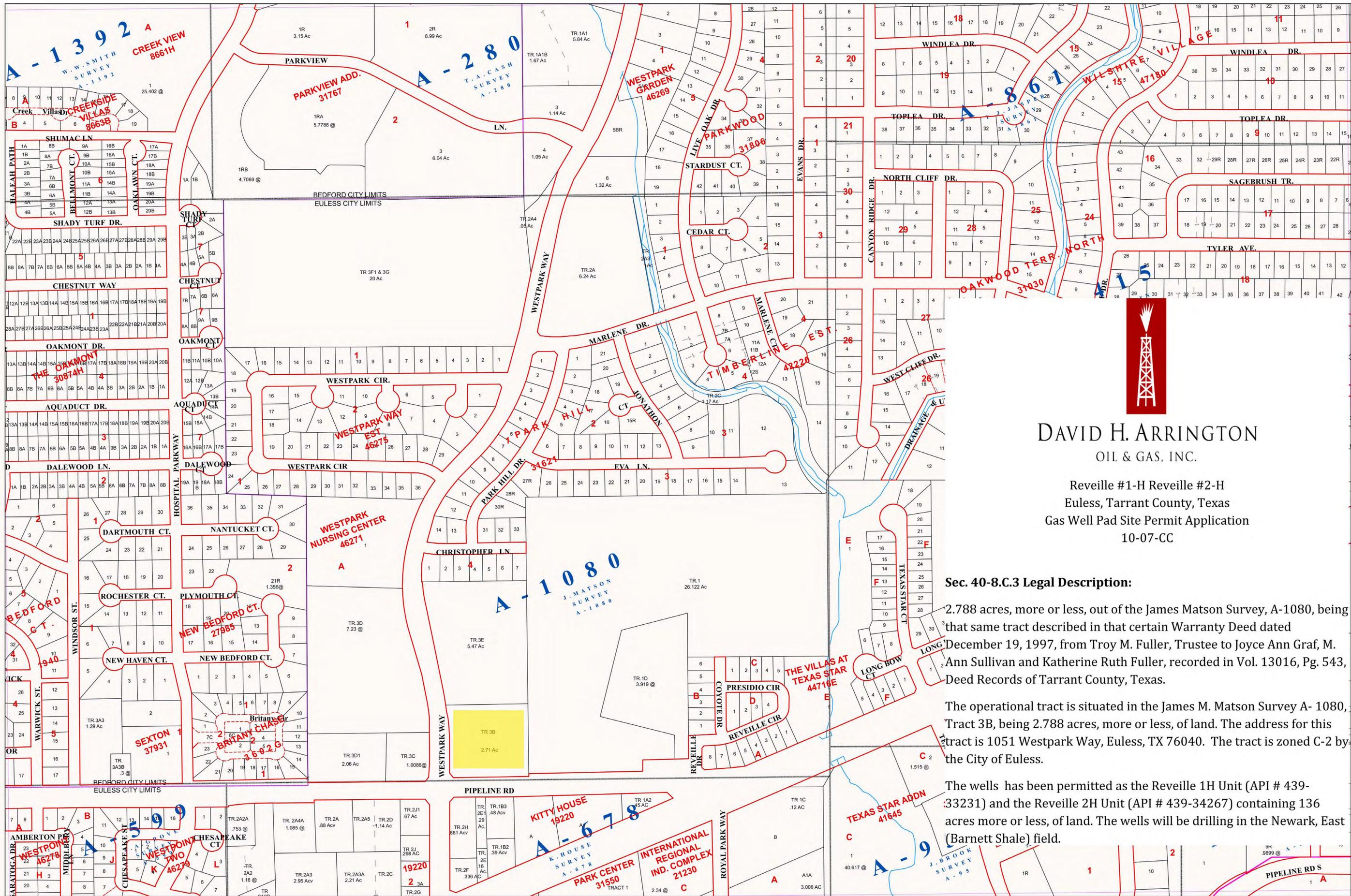
3. How long is the entire drilling and fracturing process expected to take?

80 Days

4. Estimated water use

Estimated water usage per wellhead (million gallons) 2.6 Total for site: 5.2

Estimated rate of water use per day (million gallons/day) 0.76



DAVID H. ARRINGTON
OIL & GAS, INC.

Reveille #1-H Reveille #2-H
Eules, Tarrant County, Texas
Gas Well Pad Site Permit Application
10-07-CC

Sec. 40-8.C.3 Legal Description:

2.788 acres, more or less, out of the James Matson Survey, A-1080, being that same tract described in that certain Warranty Deed dated December 19, 1997, from Troy M. Fuller, Trustee to Joyce Ann Graf, M. Ann Sullivan and Katherine Ruth Fuller, recorded in Vol. 13016, Pg. 543, Deed Records of Tarrant County, Texas.

The operational tract is situated in the James M. Matson Survey A-1080, Tract 3B, being 2.788 acres, more or less, of land. The address for this tract is 1051 Westpark Way, Eules, TX 76040. The tract is zoned C-2 by the City of Eules.

The wells has been permitted as the Reveille 1H Unit (API # 439-33231) and the Reveille 2H Unit (API # 439-34267) containing 136 acres more or less, of land. The wells will be drilling in the Newark, East (Barnett Shale) field.



Road Damage Agreement

STATE OF TEXAS §
§
COUNTY OF TARRANT §

ROAD DAMAGE AGREEMENT

This Road Damage Agreement, (hereafter the “Agreement”), is made and entered into on this the _____ day of February, 2010, by and between the City of Euless, Texas (hereafter the “City”), a municipal corporation and a home-rule municipality of the State of Texas, located within Tarrant County, Texas; and David H. Arrington Oil & Gas, Inc. (hereafter the “Operator”) for the payment of fees for damage remediation of certain streets and/or roadways within the City of Euless, Texas, as more fully described herein.

WHEREAS, Operator is in the business of drilling gas wells and, in connection therewith, shall be engaged in drilling and production activities on property identified on Operator’s gas well permit, which abuts or is adjacent to, and/or is accessed by roadways within the City of Euless, and

WHEREAS, the Operator’s gas well operations permit from the City of Euless, dated _____ 2010, is made a part of this Agreement by reference; and

WHEREAS, the nature of heavy vehicular traffic during natural gas well development (“drilling”), post-production well stimulation (“fracing”) and re-working activities will exceed the normal and anticipated use of the public roadways within the City’s corporate limits; and

WHEREAS, according to the study conducted by C & P Engineering, LTD., (hereafter the “Study”) the life expectancy of a roadway decreases with heavy vehicular traffic traveling upon it, and heavy equipment loads produce greater amounts of road distress according to the Study; and

WHEREAS, distress which may either be structural or functional, which in turn, increases overall maintenance oversight, repair, and replacement costs to the City respecting the roadways, in connection with the Operator’s gas well drilling and production activities; and

WHEREAS, structural distress is recognized as the pavement’s ability to carry traffic and/or cracking or deterioration of the pavement section; whereas functional distress is recognized as the ride quality and safety of the pavement; and

WHEREAS, use of the roadways by the Operator for the purpose of performing the activities described hereinabove causes distress to the roadways as a result of the frequency of their specific operations and such distress may be immediate or it may be gradual and delayed, and also will exceed the design criteria of said roadways, thus causing greater than ordinary wear and tear and damaging of the roadways; and

WHEREAS, the City and Operator, for the mutual consideration hereinafter stated, desire to enter into this Agreement for Operator to compensate City for the maintenance and damage remediation of such roadways for the duration of the term of this Agreement in consideration for Operator’s use of such roadways for the purpose of the activities described hereinabove;

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties agree as follows:

ARTICLE 1.
RECITALS

The foregoing recitals are understood and agreed upon by the parties and are incorporated into the terms of this Agreement.

ARTICLE 2.
DAMAGE REMEDIATION OBLIGATION

1. **Fee:** City and Operator understand and agree that use by Operator, its contractors, subcontractors, employees and agents (all hereafter referred to as "Operator") of roadways that abut and lead to the property for which a Gas Well Operations Permit has been issued to Operator, will decrease the life expectancy of such roadways. Operator and City agree that it is and will continue to be impracticable and extremely difficult to determine the actual amount of such damage. Therefore, City and Operator hereby agree that Operator shall pay to City a road damage remediation fee based upon the formula set forth in Exhibit "A" to this Agreement, a copy of which is attached hereto and incorporated herein. Both City and Operator agree that the amount assessed pursuant to the formula set forth herein is the minimum value of the costs and actual damage and decreased life expectancy of roadways caused by the normal use of the roadways by Operator. Such sum of money shall be paid by Operator to the City prior to the commencement of any activity under the Gas Well Operations Permit. It is expressly understood and agreed that such formula and fee are not to be considered a penalty, nor a tax, but shall be deemed taken and treated as a fee that is roughly proportionate and necessary for City to repair and maintain its roadways based upon normal usage by Operator acting in the ordinary course of its business.
2. **Truck Route:** Operator shall be liable for and shall pay additional road damage assessments should Operator deviate from the truck route that is designated in the Gas Well Operations Permit.
4. **Timely Payment:** In the event that Operator does not timely and adequately make payment under this Agreement upon written demand of the City, the City has the authority to prohibit further use of its roadways by Operator's vehicles, to suspend any and all Gas Well Operations Permits issued to Operator, and to make a claim on Operator's bond or other security instrument.

ARTICLE 3.
ROAD DAMAGE REMEDIATION FEE

1. **Methodology:** The Road Damage Remediation Fee shall be calculated using the method outlined in Exhibit "A." Replacement costs for asphalt and/or concrete road segments shall be determined from current fair market value cost per square yard of road surface material, including installation and labor. The City shall provide as an attachment to this Agreement, a copy of the calculations directly related to the methodology used to determine the fee paid by Operator; such attachment is identified as Exhibit "A", a copy of which is attached hereto and incorporated herein.

The City's investigation and determination of any and all aspects of the above referenced methodologies constitute generally accepted practices of road replacement, repair, and maintenance professionals undertaking similar project evaluations at the same time, and in the same geographical area. The City observes the same degree of care and skill generally exercised by professionals under similar circumstances and conditions.

2. **Road Damage Remediation Fee Calculation:** The Road Damage Remediation Fee, hereafter stated, and in compliance with all applicable methodologies hereinabove enumerated, shall be an amount as determined by the Road Damage Remediation Calculation, Exhibit "A".

Type I - Six inch (6") treated soil subgrade with seven inch (7") reinforced concrete.

3. **Payment Due:** The Road Damage Remediation Fee is required to be paid in full at the time of issuance of a Gas Well Operations Permit by the City Manager or their designee. Such permit application shall be considered administratively incomplete until this Agreement is executed, Road Damage Remediation Fee payment received, and both are on file with the City.

ARTICLE 4. TERM OF AGREEMENT

This Agreement shall commence upon the date indicated above and shall continue in full force and effect until Operator has completed and/or permanently discontinued the activities upon the roadways, as described hereinabove.

ARTICLE 5. INSURANCE AND INDEMNITY

1. **Insurance:** The Operator shall provide or cause to be provided the insurance and other security that meet the requirements of Chapter 40 of the Code of Ordinances of the City of Euless, Texas, as amended. Such insurance shall be maintained in effect at all times when the Operator is engaged in exploration, development, and production of gas in the City of Euless.

2. **Indemnification:** Operator hereby agrees to indemnify, defend and save harmless the City, its departments, agents, officers, servants and employees from all suits, actions or claims of any character name and description brought for or on account of any injuries or damages received as sustained by any person, persons or property, including personal injury or death, on account of the operations of Operator, its agents, employees, contractors, subcontractors or representatives, or on account of any negligent act or fault of Operator, its agents, employees, contractors, subcontractors or representatives in connection with the obligations of Operator under this Agreement; and Operator shall pay any judgment, with costs, and if applicable attorney's fees which are a part of the judgment, which may be obtained against the City growing out of such injury or damage. It is understood and agreed that such indemnity is an indemnity extended by the Operator to indemnify and protect the City of Euless and/or its departments, agents, officers, servants, or employees *from the consequences of the negligence of the*

City of Euless, Texas and/or its departments, agents, officers, servants and employees, whether that negligence is the sole or a contributing cause of the resultant injury, death, and/or damage. Operator specifically agrees that road damage in excess of the road damage remediation fee assessment provided for in this Agreement shall be paid from Operator's security required under Chapter 40 of the Code of Ordinances of the City of Euless, Texas, as amended.

ARTICLE 6.
INDEPENDENT CONTRACTOR

Operator understands and agrees that Operator, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, and/or representatives of the City. The City shall not have any control over the means or methods by which Operator shall perform its obligations hereunder. Operator shall furnish all equipment and materials necessary to perform hereunder and shall at all times be acting as an independent contractor. No action by either party should be construed to create a partnership, joint venture, or other dual enterprise between the parties.

ARTICLE 7.
GOVERNMENTAL IMMUNITY

By entering into this Agreement, the City does not waive, nor shall it be deemed to waive, any immunity or defense that would otherwise be available to it against claims arising by third parties.

ARTICLE 8.
NO IMPACT FEE

Operator agrees that the Road Damage Remediation Fee provided hereunder is not an impact fee under Chapter 395 of the Texas Local Government Code, and expressly agrees that this Road Damage Remediation Fee is not a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to new development. Further, Operator agrees that the Road Damage Remediation Fee provided hereunder will not be credited to any subsequent roadway impact fees if the subject property is subdivided or developed in the future.

The Road Damage Remediation Fee shall not be applied to roadways other than those maintained by the City and designated as "haul routes" as part of the permit application. Funds from these fees shall not be expended on public roadways or streets, other than those designated as City maintained gas well haul routes.

ARTICLE 9.
FORCE MAJEURE

In the event that the performance by either party of any of its obligations or undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of either party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then such party shall be

excused from performance for a period of time as is reasonably necessary after such occurrence to remedy the effects thereof, and each party shall bear the cost of any expense it may incur due to the occurrence.

ARTICLE 10.
ASSIGNABILITY/CONSENT

Except as otherwise provided herein, or except as may be hereafter determined by the parties and added as a written amendment or modification hereto, no party to this Agreement may sell, assign, or transfer its interest in this Agreement, or any of its right, duties, or obligations hereunder, without the prior written consent of the other party.

ARTICLE 11.
NOTICE

Any notice given by one party to the other in connection with this Agreement shall be in writing and shall be by personal delivery; sent by registered mail or certified mail; or by United States Mail, return receipt requested, postage prepaid; to:

CITY: City Manager
 City of Euless, Texas
 201 North Ector Drive,
 Euless, Texas 76039

OPERATOR: Monty Kastner
 David H. Arrington Oil & Gas, Inc.
 500 West Wall St., Suite 300
 Midland, Texas 79701

Notice shall be deemed to have been received on the date of receipt as shown on the return receipt or other written evidence of receipt.

ARTICLE 12.
MODIFICATION

No waiver, amendment, or modification of this Agreement or of any covenant, condition, limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding arising between the parties hereto out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver, amendment, or modification is in writing, duly executed by both parties. The parties further agree that the provisions of this Article will not be waived unless as herein set forth.

ARTICLE 13.
SAVINGS/SEVERABILITY

In the event that any one or more of the provisions, terms, phrases or clauses of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect; such invalidity, illegality, or unenforceability shall not affect the other provisions, terms, phrases or clauses of the provisions contained herein and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision, term, phrase, or clause had never been contained in this Agreement.

ARTICLE 14.
GOVERNING LAW AND VENUE

This Agreement shall be construed under and governed by, and in accordance with the laws of the State of Texas, and venue for any action arising under the terms and conditions of this Agreement shall lie in the state courts located in Tarrant County, Texas.

ARTICLE 15.
ENTIRE AGREEMENT

This Agreement and the exhibits and other documents attached hereto and/or referenced herein, constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersede any prior understandings or written or oral agreements between the parties with respect to the subject matter of this Agreement. No amendment, modification, cancellation or alteration of the terms of this Agreement shall be binding on any party hereto unless the same is in writing, dated subsequent to the date hereof, and is duly authorized and executed by the parties hereto. Notwithstanding the foregoing, this Agreement is cumulative of all applicable City Ordinances, as amended.

ARTICLE 16.
NON-WAIVER

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

ARTICLE 17.
CAPTIONS

The captions contained in this Agreement are for informational purposes only and shall not in any way affect the substantive terms or conditions of this Agreement.

ARTICLE 18.
CONSTRUCTION OF AGREEMENT

The parties hereto have negotiated the terms of this Agreement and therefore agree that as a negotiated document, this contract shall not be more strictly construed against either party.

ARTICLE 19.
COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and constitute one and the same instrument.

IN WITNESS WHEREOF, the parties do hereby affix their signatures and enter into this Agreement as of the _____ day of February, 2010.

“CITY”

CITY OF EULESS, TEXAS

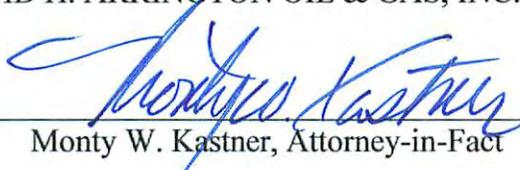
ATTEST:

By: _____
Gary McKamie, City Manager

Susan Crim, City Secretary

“OPERATOR”

DAVID H. ARRINGTON OIL & GAS, INC.

By:  _____
Monty W. Kastner, Attorney-in-Fact

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Gary McKamie, City Manager of the City of Euless, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the City of Euless, Texas and that he executed the same as the act of such City of Euless, Texas for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this the _____ day of _____, 20__.

[SEAL]

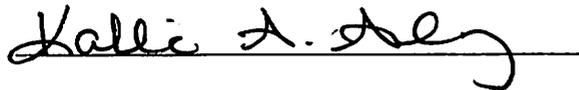
Notary Public in and for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF midland §

This instrument was acknowledged before me on the 10 day of February 2010, by Monty W. Kastner, Attorney-in-Fact for David H. Arrington Oil and Gas, Inc., a Texas Corporation, on behalf of said joint venture.

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared by Monty W. Kastner, Attorney-in-Fact, for David H. Arrington Oil and Gas, Inc., a Texas Corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act David H. Arrington Oil and Gas, Inc. and that he executed the same as the act of such Operator for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this the 10 day of February, 2010.



Notary Public in and for the State of Texas.

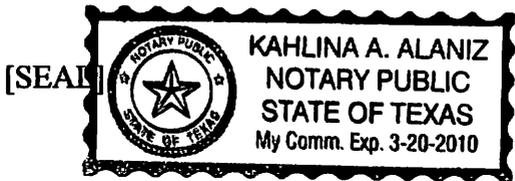


Exhibit A

Road Damage Agreement Calculation
Well Identification: David H. Arrington - Reveille IH, 2H
Drilling and Fracturing - Piped Water

Road Type	Construction Cost/Lane Mile 2009	AASHTO Design Life (ESAL)	Consumptive Use (ESAL)	Consumptive Use (%)	Assessment Per Lane Mile
I	\$446,000	1,100,000	488.35	0.044%	\$196.24
Drilling and Fracturing - Hauled Water					
Road Type	Construction Cost/Lane Mile 2009	AASHTO Design Life (ESAL)	Consumptive Use (ESAL)	Consumptive Use (%)	Assessment Per Lane Mile
I	\$446,000	1,100,000	1,336.05	0.121%	\$539.66

Fee Calculation

Road Type	Assessment Per Lane Mile Piped Water	X Access Lane Miles Per Site (Haul Route)	Assessment Per Haul Route Lane Mile
I	\$196.24	0.655 (865ft X 4 Lanes / 5280)	\$128.54
Fee Calculation			
Road Type	Assessment Per Lane Mile Hauled Water	X Access Lane Miles Per Site (Haul Route)	Assessment Per Haul Route Lane Mile
I	\$539.66		
Total Fee Assessed			\$128.54

1. Road type I is six inch (6") treated soil subgrade with seven inch (7") reinforced concrete.

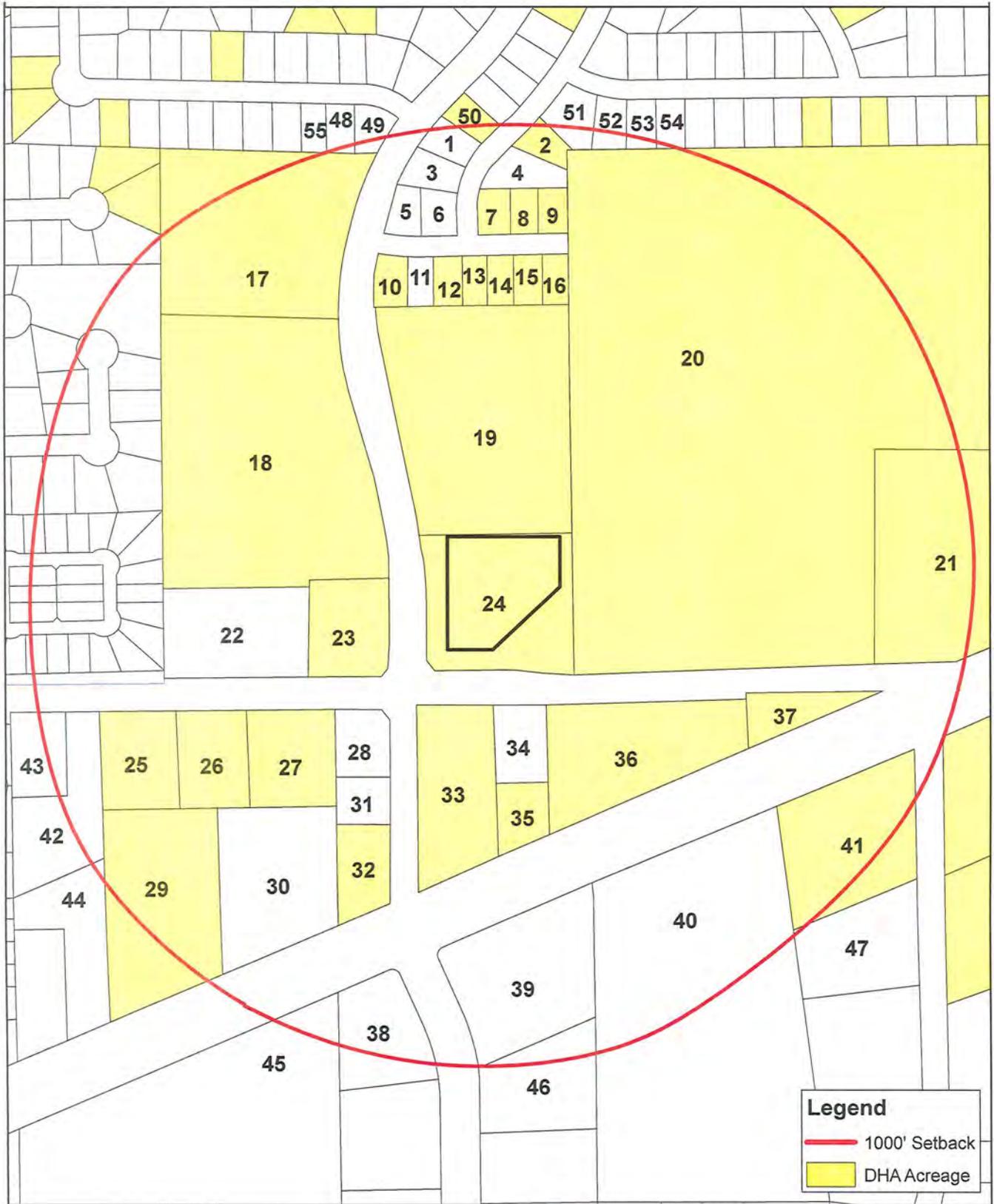


David H. Arrington Oil & Gas, Inc.
Surface Owners of Property within 1,000 Feet of
Reveille Unit Pad Site

Map Label	Land Owner	Address	City/ ST	Zip	Geo No.
1	Salem, Muhammad Etux Sawsan	806 Park Hill Dr	Eules Tx	76040 - 3946	31621-1-11
2	Tindel, Joe W & Jennifer	803 Park Hill Dr	Eules Tx	76040 - 3953	31621-3-28R
3	Cheatham, R A Etux Joyce	808 Park Hill Dr	Eules Tx	76040 - 3946	31621-1-12
4	Feltman, John Jr & Melonie	805 Park Hill Dr	Eules Tx	76040 - 3953	31621-3-30R
5	McCutchen, Lloyd & Antoinette	2308 Christopher Ln	Eules Tx	76040 - 5773	31621-1-14
6	Meadors, Marilee	2306 Christopher Ln	Eules Tx	76040 - 5773	31621-1-13
7	Hanisko, Daniel K Etux Sheryl	2304 Christopher Ln	Eules Tx	76040 - 5756	31621-3-31
8	Filby, Ed Etux Katherine	2302 Christopher Ln	Eules Tx	76040 - 5756	31621-3-32
9	Deardorff, Robt F Etux Shirley	2300 Christopher Ln	Eules Tx	76040 - 5756	31621-3-33
10	Standard, Glenn R Etux Sandra	2313 Christopher Ln	Eules Tx	76040 - 5768	31621-4-1
11	Dean, Diane Etvir Alan	2311 Christopher Ln	Eules Tx	76040 - 5768	31621-4-2
12	Pena, Abel N Jr Etux Piedad	2309 Christopher Ln	Eules Tx	76040 - 5768	31621-4-3
13	Hampton, Melvin L Etux Linda	2307 Christopher Ln	Eules Tx	76040 - 5768	31621-4-4
14	Nance, Ivan O Etux Joyce C	2305 Christopher Ln	Eules Tx	76040 - 5768	31621-4-5
15	Alexander, Nancy Etvir Johnny	2303 Christopher Ln	Eules Tx	76040 - 5768	31621-4-6
16	Childress, Jerry Etux Virginia	2301 Christopher Ln	Eules Tx	76040 - 5768	31621-4-7
17	Firehole River Real Est Holdin	608 Sandau	San Antonio Tx	78216 - 4131	A1080-3D
18	Firehole River Real Est Holdin	608 Sandau	San Antonio Tx	78216 - 4131	46271-A-1
19	Autrey, Gary W Etux Pamela J	1001 Westpark Way	Eules Tx	76040 - 6337	A1080-3E
20	McMullin, Iola Family Ltd Prt,	2114 W Pipeline Rd	Eules Tx	76040 - 5741	A1080-1
21	Villas At Texas Star				
	Ts Development LLC	2929 W 5th St Ste A	Fort Worth Tx	76107-2241	44716E-A-6
	Meritage Homes of Texas LLC	909 Hidden Rdg Ste 400	Irving Tx	75038-3823	44716E-A-7
	Welsh, Conrad R Etux Tasharae	2115 Reveille Cir	Eules Tx	76040	44716E-A-8
	Wiseman, Zachary Etux Marina	1010 Coyote Dr	Eules Tx	76040	44716E-B-1
	Lee, David Etux Kristina Lee	1008 Coyote Dr	Eules Tx	76040	44716E-B-2
	Atodaria, Ajaysinh	1006 Coyote Dr	Eules Tx	76040	44716E-B-3
	Khan, Nouman Etux Sofia S	1004 Coyote Dr	Eules Tx	76040	44716E-B-4
	Aryal, Tanuja	1002 Coyote Dr	Eules Tx	76040	44716E-B-5
	Woolfolk, Wm E Etux Magda E	1000 Coyote Dr	Eules Tx	76040	44716E-B-6
	Thomas, Shelly & Siji Paulose	2107 Presidio Cir	Eules Tx	76040-5722	44716E-D-1
	Hill, Gail E Etvir Elvis D	2108 Presidio Cir	Eules Tx	76040-5721	44716E-C-1
22	Univest Corp, Trustee	12201 Merit Dr Ste 170	Dallas Tx	75251 - 2219	A1080-3D01
23	Dennis, Rocky L Etux Machele	4111 Southwood E	Colleyville Tx	76034 - 3814	A1080-3C
24	Frank, Keith	1913 Chatburn Ct	Fort Worth Tx	76110 - 1210	A1080-3B
25	Dates, Tony L	2505 Pipeline Rd	Eules Tx	76040 - 0000	A 678-2A04
26	St Clair, Renee S	2503 W Pipeline Rd	Eules Tx	76040 - 6334	A 678-2A
27	Fanara, Carlo R Etux Joanne P	2419 W Pipeline Rd	Eules Tx	76040 - 6332	A 678-2A5
28	Eules, City Of	201 N Ector Dr	Eules Tx	00000 - 0000	A 678-2J01
29	Bean, Roy E Etux Georgia L	4004 Steeplechase Dr	Colleyville Tx	76034 - 3738	A 678-2A03
30	Dinser, Fred	3612 Oakbriar Ln	Colleyville Tx	76034 - 8687	A 678-2A03A
31	Eules, City Of	201 N Ector Dr	Eules Tx	76039 - 3543	A 678-2J
32	Bostick, James & B Robertson	1108 Westpark Way	Eules Tx	76040 - 6350	A 678-2G
33	Voss, John H	2214 W Eules Blvd	Eules Tx	76040 - 6623	A 678-2E01
34	All Paws Go To Heaven Inc	2215 W Pipeline Rd	Eules Tx	76040 - 5742	A 678-1B03
35	Production Steel Rule Die Ser,	2208 W Eules Blvd	Eules Tx	76040 - 6623	A 678-1B02
36	Drennan, Bill & Jerry Drennan	2206 W Eules Blvd	Eules Tx	76040 - 6623	19220-A
37	Eller Media Co,	3700 E Randol Mill Rd	Arlington Tx	76011 - 5435	A 678-1A02
38	Hurst Metallurgical Research,	2111 W Eules Blvd	Eules Tx	76040 - 6707	21230-E-A
39	Omni American Fed Cu,	PO Box 150099	Fort Worth Tx	76108 - 0099	21230-C-1A
40	J & S Real Estate Investment,	6100 W Sam Houston Pkwy	Houston Tx	77041-5113	31550-1
41	Drennan, Bill & Jerry Drennan	2206 W Eules Blvd	Eules Tx	76040 - 6623	21230-C
42	Martinez, John Ricky	2513 W Pipeline Rd	Eules Tx	75224 - 1431	A 678-2A02
43	Martinez, John Ricky	515 Monssen Dr	Dallas Tx	75224-1431	A 678-2A02A
44	Patel, Jayantilal S & Sumati	2500 W Eules Blvd	Eules Tx	76040-6612	A 678-2A02B
45	Texas, State of	PO Box 5075	Austin Tx	78763-5075	A 599-2C01A
46	Payton, Jimmy C Sr	PO Box 1662	Eules Tx	76039-1662	21230-C-1B
47	Iris Enterprises LP C/O Ricoche	1201 Royal Pkwy	Eules Tx	76040-6714	21230-A-1A
48	Rachele, Gregory W & Mary K	2503 Westpark Way Cir	Eules Tx	76040-3938	46275-1-35
49	Schmoll, Thomas G	2501 Westpark Way Cir	Eules Tx	76040-3938	46275-1-336
50	Johnson, Richard D Etux Elaine	804 Park Hill Dr	Eules Tx	76040-3946	31621-1-10
51	Johanson, Matthew R Etux Amy S	2217 Eva Ln	Eules Tx	76040-5755	31621-3-27R
52	McGinnis, Cheryl Elizabeth	2215 Eva Ln	Eules Tx	76040-5755	31621-3-26
53	Fleming, Kim Scott & Tori	2213 Eva Ln	Eules Tx	76040-5755	31621-3-25
54	Fuessel, David W	2211 Eva Ln	Eules Tx	76040-5755	31621-3-24
55	Aguirre, Cesar E	2505 Westpark Way Cir	Eules Tx	76040-3938	46275-1-34

Source: Tarrant County Appraisal District

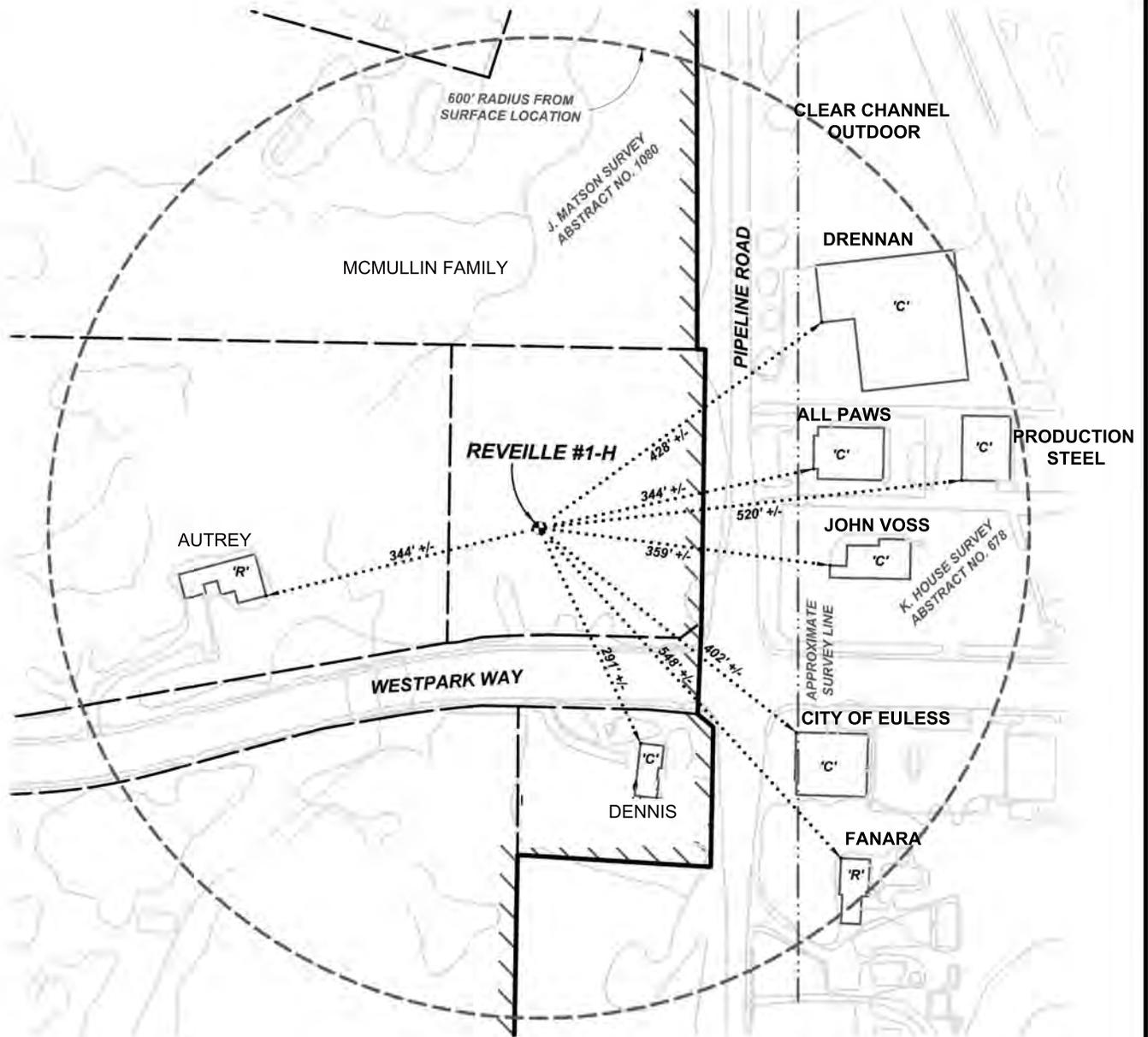
Indicates tracts minerals under lease to David H. Arrington Oil & Gas, Inc.



1,000' Setback from Pad Site
REVELLE 1-H & 2-H
CITY OF EULESS
TARRANT COUNTY, TEXAS



David H. Arrington
Oil & Gas, Inc.
 6100 Western Place, Suite 800
 Fort Worth, Texas 76107

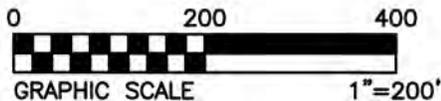


LEGEND

-  ... DENOTES UNIT BOUNDARY
- 'R' ... DENOTES RESIDENTIAL BUILDING
- 'C' ... DENOTES COMMERCIAL BUILDING

GENERAL NOTES

1. BOUNDARY INFORMATION SHOWN HEREON IS APPROXIMATE AND IS SUBJECT TO CHANGE.
2. THE EXISTING IMPROVEMENTS DEPICTED HEREON ARE BASED ON PLANIMETRICS PROVIDED BY THE CITY OF EULESS ON NOVEMBER 30, 2008. DISTANCES SHOWN TO IMPROVEMENTS SHOULD BE CONSIDERED APPROXIMATE.



**BUILDINGS WITHIN 600' RADIUS
REVILLE 1-H & 2-H
CITY OF EULESS
TARRANT COUNTY, TEXAS**



David H. Arrington
Oil & Gas, Inc.

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, at times, it may be difficult for us to handle telephone inquiries. Complete, keep the bottom sheet (goldentrod) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms with a map to the address below. One sheet bearing our response will be returned to you. Another will be sent to the appropriate district office of the Railroad Commission. If you have questions on how to fill out this form or about the Surface Casing program, please contact us at 512/238-0515.

PLEASE DO NOT STAPLE

RECEIVED

MAR 13 2008

Surface Casing - MC 151
TCEQ
P.O. Box 13087
Austin, TX 78711-3087

Date 3-11-08 TCEQ File No.: SC-

3580

Ann E. Ritchie (432) 684-6381

Name of person preparing this request & phone No. (with area code)

RRC P-5 OPERATOR # 033148

David H. Arrington Oil & Gas, Inc.

Company (operator's name as on RRC form 66-1)

40 Box 953

Mailing Address

Midland, TX 79702

City and State

ZIP Code

FOR TCEQ USE ONLY
⑥ 1550 JDE
513
+ 1040
1553
-1040 ->

432-682-1458

LSP

TYPE OR PRINT IN INK

ALWAYS INCLUDE A MAP SHOWING YOUR WELL SITE AND ALL SURROUNDING SURVEYS

COUNTY TARRANT Survey Name J. MATSON

Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____

Abstract No. A- 1080 LEASE Name Reveille Well No. 1H

Distances, in feet, and directions measured at right angles from each of two intersecting Section or Survey lines
(NOT LEASE LINES) 211.4 feet from South line and 1220 feet from EAST line.

Distance (in miles) and direction from a nearby town in this County (name the town):
1.4 miles SW of Euless, TX

THE ABOVE INFORMATION MUST BE COMPLETE AND CORRECT

API # Pending RRC Lease No. - RRC Dist. No. 05

GPS Coord. (long/lat or X-Y state plane) X = 2116442 Y = 420790 NAD 27

Elevation 513' Total Depth 8500' Geologic Fm. at T.D. BARNETT Shale

Purpose of the Request: New Drill Re-entry Plug & Abandon Other (specify) _____

Is this an AMENDED request? Yes No Previous File No. for this well: SC- _____

Log included of same or nearby well (The applicable type of well log that shows the aquifers.) Please provide a location map or API# for attached log

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: PLAT Attached *Expedite*

To protect usable-quality ground water at this location, the TEXAS COMMISSION ON ENVIRONMENTAL QUALITY recommends:

CO-TARRAN, SUR-MATSON J., LSE-REVEILLE, A-1080, #6/1550

The interval from the land surface to 20 feet below the base of the Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 1550 feet.

FOLD

DO NOT WRITE HERE FOR TCEQ USE ONLY

Very truly yours,
John D. Estopp, P.G.



Geologist, Surface Casing, TCEQ

Date March 14, 2008

typed by TCEQ

NOTE: Unless stated otherwise, this recommendation is intended to protect the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to subsurface disposal operations into a nonproductive zone (RRC Form W-14).



Texas Commission
on Environmental Quality
Surface Casing Program

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

Date **March 23, 2009**

TCEQ File No.: SC- **4621**

API Number **43900000**

RRC Lease No. **000000**

Attention: **ANN RITCHIE**

SC_033148_43900000_000000_4621.pdf

**DAVID H ARRINGTON O&G INC
C/O P O BOX 953
MIDLAND TX 79702**

P-5# 033148

--Measured--
1536 ft FEL
302 ft FSL
MRL: SURVEY

Digital Map Location:	
X-coord/Long	2116094
Y-coord/Lat	420751
Datum	27
Zone	NC

County **TARRANT**

Lease & Well No. **REVELLE #2H**

Purpose **ND**

Location **SUR-MATSON J. ,A-1080,-- [TD=8500] , [RRC 5] ,**

To protect usable-quality ground water at this location, the Texas Commission on Environmental Quality recommends:

The interval from the land surface to 20 feet below the base of Cretaceous-age beds must be protected. The base of the Cretaceous is estimated to occur at a depth of 1575 feet.

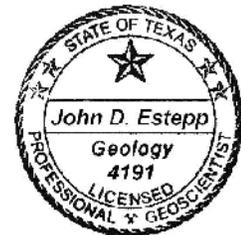
Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. Approval of the well completion methods for protection of this groundwater falls under the jurisdiction of the Railroad Commission of Texas. **This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).**

If you have any questions, please contact us at 512-239-0515, sc@tceq.state.tx.us, or by mail MC-151.

Sincerely,

John D. Estep, P.G.

GEOLOGIST SEAL



Geologist, Surface Casing Team
Waste Permits Division

The seal appearing on this document was authorized by John D. Estep on 3/23/2009
Note: Alteration of this electronic document will invalidate the digital signature.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
03/11/10

PRODUCER 1-432-570-3456
Arthur J. Gallagher Risk Management Services, Inc.
 110 N. Marienfeld
 Suite 330
 Midland, TX 79701
 Leslie.Wilson@ajg.com

INSURED
David H. Arrington Oil & Gas, Inc.
 P.O. Box 2071
 Midland, TX 79702

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Commerce & Industry/Chartis GEMM	19410
INSURER B: Commerce & Industry/Chartis Houston	19410
INSURER C: ARGONAUT INS CO	19801
INSURER D: TEXAS MUT INS CO	22945
INSURER E: Certain Underwriters at Lloyds/Burke	32727

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> AI #61712 12/06 <input checked="" type="checkbox"/> Prim AI#74434 10/99 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	GL84500655	03/02/10	03/02/11	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> AI #87950 10/05 <input checked="" type="checkbox"/> Prim AI #74445 10/99	CA84500654	03/02/10	03/02/11	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
B	EXCESS / UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	BE12627791	03/02/10	03/02/11	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$ \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WC47738832217	01/01/10	01/01/11	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
D	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below	TSF-0001207657	01/01/10	01/01/11	<input type="checkbox"/> Y/N E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
E	OTHER Control of Well	BDCJP395-A	01/01/10	01/01/11	Any One Occ/CSL 10,000,000 CCC 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

See Attached Supplemental Page For Additional Wording

THIS POLICY WILL NOT BE CANCELLED OR NON-RENEWED WITHOUT THIRTY (30) DAYS ADVANCED WRITTEN NOTICE TO THE OWNER AND THE CITY EXCEPT WHEN THIS POLICY IS BEING CANCELLED FOR NONPAYMENT OF PREMIUM, IN WHICH CASE TEN (10) DAYS ADVANCE WRITTEN NOTICE IS REQUIRED

CERTIFICATE HOLDER

CANCELLATION *Except 10 Days for Non-Payment

City of Euless, Department of Planning and Development
 its officials, employees, agents and officers

201 N. Ector Drive
 Euless, TX 76039

USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL *30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

SUPPLEMENT TO CERTIFICATE OF INSURANCE

DATE
03/11/10

NAME OF INSURED: David H. Arrington Oil & Gas, Inc.

Additional Description of Operations/Remarks from Page 1:

Additional Information:

Primary Additional Insured in favor of Certificate Holder on the General Liability Policy as Required by Written Contract.

Blanket Additional Insured on all policies except Workers Compensation and Waiver of Subrogation on all policies in favor of the Certificate Holders as required by written contract and in regard to work performed by the Named Insured(s)

Certificate Holder is Named Additional Insured in regards to their NOWI on Wells Covered and Operated by the Named Insured on the Control of Well Policy as Required by Written Contract.

LICENSE OR PERMIT BOND

KNOW ALL BY THESE PRESENTS, That we, David H. Arrington Oil & Gas, Inc., P.O. Box 2071, Midland, TX 79702
as Principal, and the RLI Insurance Company, an Illinois corporation,
as Surety, are held and firmly bound unto City of Euless, 201 N. Ector Drive, Euless, Texas 76039, as Obligee,
in the sum of One Hundred Fifty Thousand and No/100 Dollars
(\$150,000.00-----)

for which sum, well and truly to be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has been or is about to be granted a permit to drill 2 wells (Reveille #1H & 2H) by the Obligee.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH THAT if the Principal shall well and truly comply with applicable local ordinances, and conduct business in conformity therewith, then this obligation to be void; otherwise to remain in full force and effect; in no event shall the liability hereunder exceed the penal sum hereof.

PROVIDED AND SUBJECT TO THE CONDITIONS PRECEDENT:

1. This obligation may be canceled by the Surety by giving thirty (30) days notice in writing of its intention to do so to the Obligee, and the Surety shall be relieved of any further liability under this Bond thirty (30) days after receipt of said notice by the Obligee, except for defaults occurring prior thereto.
2. Any claim must be presented in writing to RLI Insurance Company to the attention of Greg E. Chilson, 8 Greenway Plaza, Suite 400, Houston, Texas 77046.
3. Surety shall have no obligation to the Principal, the Obligee or any other person or entity for any loss suffered by the Principal, the Obligee or any other person or entity by reason of acts or omissions which are or could be covered by the Obligee's or the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance.
4. No right or action shall accrue under this Bond to or for the use or benefit of anyone other than the named Obligee.
5. The Obligee will issue a release of this Bond within a reasonable period, but in no instance longer than thirty (30) days after termination of the Permit.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 26th day of March, 2008, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to authority of its governing body.

David H. Arrington Oil & Gas, Inc. Principal

By [Signature]

RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046

By [Signature] Surety
Greg E. Chilson, Attorney-in-Fact



RLB0011447

RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON , State of TEXAS , as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$150,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY



Michael J. Stone
PRESIDENT

State of Illinois)
) SS
County of Peoria)

On this 26 day of Mar. 2008 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public





RLI Insurance Company
Peoria, Illinois 61615

TEXAS POLICYHOLDER NOTICE

TEXAS IMPORTANT NOTICE

To obtain information or make a complaint:

You may call RLI Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-444-0406

You may also write to RLI Insurance Company at:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may also write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

TEXAS AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de RLI Insurance Company's para informacion o para someter una queja al:

1-800-444-0406

Usted tambien puede escribir a RLI Insurance Company:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.