

INSTRUCTION SHEET

For

ELECTION LETTER

To

Mineral Owners in the

XTO Energy, Inc.

ROSEN HEIGHTS UNIT #1-H

Containing 260.74 acres

Tarrant County, Texas

Attachment B

Dear Owner:

Enclosed is the following Material:

1. Election Letter concerning your lot or land contained within the boundaries of the above set out Unit. **You will need to read this letter carefully and decide what is most appropriate for you concerning its contents.**
2. Oil, Gas and Mineral Lease with Exhibit "A" stapled to your Election Letter.
3. Order of Payment stapled to your Oil, Gas and Mineral Lease.
4. Self addressed stamped return envelope paper clipped to the above material.
5. A COPY of all of the above material stapled together.

In the Election Letter if you chose Voluntary Pooling Offer Option No. 1, please follow these instructions:

1. On Page 6, put an "X" in the space stating "YOU elect to lease to XTO Energy, Inc.", include the day and month, sign your name(s) in the space that states BY and include a phone number where you can be reached during the day.
2. Sign your name TWICE to the attached Oil, Gas and Mineral Lease (Lease), once above where your name(s) is typed in on page two of the Lease and once on the Exhibit "A" attached to the Lease, before a Notary Public.
3. Have your signature(s) notarized by a Notary Public. This is done in the Acknowledgment at the bottom of Page 2 of the Lease.
4. Please insert your social security number in the space provided on the Order of Payment, beside the Red X.
5. Return the fully signed and dated election, the fully signed and notarized Lease and the completed Order of Payment in the self addressed stamped return envelope.
6. Retain all the material marked COPY for your own personal records.

In the Election Letter if you chose Voluntary Pooling Offer Option No. 2, please follow these instructions:

1. On Page 6, put an "X" in the space stating "YOU elect to participate in this well", include the day and month, sign your name(s) in the space that states BY and include a phone number where you can be reached during the day.
2. Return the fully signed and dated election along with all the other material attached to the Election Letter.
3. Retain all the material marked COPY for your own personal records.

Exhibit No. 7  
O & G Docket No. 09-0261375  
Date: May 22, 2009

In the Election Letter if you chose Voluntary Pooling Offer Option No. 3, please follow these instructions:

1. On Page 6, put an "X" in the space stating "YOU elect to farmout your interest in this well", include the day and month, sign your name(s) in the space that states BY and include a phone number where you can be reached during the day.
2. Return the fully signed and dated election along with all the other material attached to the Election Letter.
3. Retain all the material marked COPY for your own personal records.

As stated in the Election Letter you have 14 days to make a decision, so your most prompt handling of this matter will certainly be appreciated. If you have any questions concerning the enclosed material do not hesitate in giving Carla Petroleum, Inc., a professional land services company representing XTO Energy, Inc. in this matter, at 972-733-1934 and ask for Brad at Ext. 325 or Hobart at Ext. 332.

Sincerely,



Hobart Burton

Senior Landman

Carla Petroleum, Inc. Agent for XTO Energy, Inc.

16990 N. Dallas Pkwy, Suite 126

Dallas, Texas 75248



February 27, 2009

ELECTION LETTER

via CERTIFIED MAIL RRR#  
7008-1830-0001-8405-6221

Otis Bledsoe Estate  
3113 McKinley Ave  
Fort Worth TX 76106-5367

Re: Voluntary Offer to Pool Your Mineral Interest in your lot containing 0.21298200 Acre, more or less, Worth Hills Addition, Worth Hills Addition Blk 23 Lot 7, Tarrant County, Texas into a 260.74 Acre Pooled Unit for the Proposed XTO Energy Inc. Rosen Heights Unit #1H.

Dear Sir and/or Madam:

XTO Energy Inc. "XTO", whose address is 810 Houston Street, Fort Worth, Texas 76102, proposes to form a Pooled Unit ("Unit"), more particularly described on the attached plat labeled Exhibit "A," and to drill a horizontal well from the surface location shown on that plat to test the Barnett Shale formation. The drillsite surface location is NOT located within the boundaries of this unit. The estimated total costs of the proposed operations to XTO and the other Working Interest Owners are \$3,500,000.00, as set forth in the attached detailed and itemized statement labeled Exhibit "B".

I'm writing this letter to you because our research indicates that you own a mineral interest in an unleased tract located within the boundaries of the proposed Rosen Heights Unit # 1 H. XTO has obtained oil and gas leases from the mineral owners of approximately 222 net acres of the proposed 260.74 acre Rosen Heights Unit #1H. As is standard in the oil and gas industry, the terms of those leases authorize XTO to pool those leased lands into the proposed Rosen Heights Unit #1H. The persons who leased to XTO will participate or share in production from the well or wells drilled on the Unit on a proportionate acreage basis. In other words, they will each participate based upon the proportion that the number of surface acres included in their tract bears to the total number of surface acres included in the entire unit. This proportionate acreage participation will then be multiplied by their lease royalty in order to calculate their ultimate royalty participation in production from the Unit.

Because your tract is currently unleased, your mineral interest is not pooled. This means that you will not participate in production from wells located on the Unit. I'm writing to extend to you an offer to voluntarily pool your mineral interest into the proposed Rosen Heights Unit #1H. As is discussed in more detail below, there are three different ways that you can choose to voluntarily pool your interest into the Unit. We ask that you carefully review the three voluntary pooling options that are described below and select which one you prefer. If you have questions concerning these options, or any other matters related to the pooling of your interest, please feel free to call the contact persons whose names are listed on the final page of this letter.

**ALL CALCULATIONS HEREIN ARE SUBJECT TO CHANGE DUE TO MEASUREMENT ACCURACY.**

Our review of public ownership records indicates that you own 0.21298200 of an acre, more or less being Worth Hills Addition, Worth Hills Addition Blk 23 Lot 7, an Addition to the City of Fort Worth, Texas being more particularly described in the Oil and Gas Lease included herein. Your estimated proportionate acreage contribution to the proposed Unit is 0.081684%.

XTO hereby offers to you the opportunity to voluntarily pool your mineral interest in your tract described above into its proposed Rosen Heights Unit #1H. We propose that you pool your interest into the Unit by choosing one of the three following pooling options: (1) lease your minerals to XTO; or (2) participate in the drilling and completion of the well(s) to be drilled in the Unit as a Working Interest Owner; or (3) farmout your minerals to XTO. These three voluntary pooling options are discussed in detail below:

1. **Voluntary Pooling Option No. 1:** You may elect to lease your mineral interest to XTO by executing the attached Paid Up Oil and Gas Lease, which provides for a primary term of 4 years, 25% royalty and a \$2,400.00 per net acre bonus, payable upon your signing and delivering the executed lease in accordance with the attached Instruction Sheet. This lease would authorize XTO to pool your mineral interest into the Rosen Heights Unit #1 H. You would participate in production from the Unit well or wells based upon your tract's proportionate contribution of acreage to the entire unit multiplied by the lease's 25% royalty rate. If you select this option then you will participate in Unit production as a Royalty Owner. This means that you will not have to pay any of the costs of drilling, equipping, completing or operating Unit wells. If production is established on the Unit, you will receive monthly payments of your Unit Royalty Interest calculated as described above. This will be true irrespective of whether or not production from the wells is sufficient to pay for the costs of drilling, completing and operating the wells. Similarly, if dry holes are drilled on the Unit you, as a Royalty Owner, will not have to pay any portion of the costs of drilling those dry holes; those costs will be borne exclusively by XTO and the other Working Interest owners in the Unit. If you wish to elect to lease please follow the instructions on the attached Instruction Sheet. Should you have questions please call Brad Rich or Hobart Burton at 972-733-1934.
2. **Voluntary Pooling Option No. 2:** You may elect to participate as a Working Interest Owner in the drilling and completion of the well(s) (which requires you to pay your proportionate share of all well costs) to be drilled in the Unit by providing XTO with a notarized statement agreeing to pay your proportionate share of such costs on or before commencement of actual drilling operations (spudding the well). If you desire to participate in the drilling of the well your proportionate share of the ESTIMATED costs of drilling and completing, the well would be \$ 2,858.94. This is an estimated cost, which could change considerably due to numerous unforeseen factors when drilling, stimulating and completing a well. Keep in mind that as a Working Interest Owner you will be obligated to pay up front your proportionate share (calculated on a proportionate acreage basis) of all well costs irrespective of whether or not the drilling of the well or wells is economic. It is possible that one or more dry holes could be drilled on the Unit. Unlike a Royalty Owner, if

you elect to participate as a Working Interest Owner then you bear the risk that wells may not produce at all, or that the value of their production will not produce an economic return on your investment. Should you have questions please call Brad Rich or Hobart Burton at 972-733-1934.

3. **Voluntary Pooling Option No. 3:** You may elect to Farmout your interest to XTO, whereby you will convey to XTO an 80% net revenue interest attributable to your mineral interest, and retain an overriding royalty interest equal to 20% of 8/8ths, proportionately reduced to the extent that your mineral interest bears to all of the mineral interests in the Unit, until payout of all well costs (i.e., XTO shall have recouped from the revenues attributable to production from the well all costs incurred by XTO to drill, test, fracture stimulate, complete, equip and connect the well for production), with the option, at payout, to convert the retained override to a 25% working interest, proportionately reduced. Should you have questions please call Brad Rich or Hobart Burton at 972-733-1934.

If you elect to lease your mineral interest to XTO according to Option 1 above, please sign the attached oil and gas lease, have your signature acknowledged before a notary public and then return the fully executed and notarized oil and gas lease to XTO at the following address:

Carla Petroleum, Inc.  
16990 N. Dallas Pkwy, #126  
Dallas, Texas 75248  
Attn: Brad Rich or Hobart Burton  
Telephone: 972-733-1934

Once XTO verifies that the lease has been properly executed and acknowledged, XTO will pay you your bonus consideration by check to be placed in the mail.

Should you elect to participate in the drilling of the well as provided in Option 2 above, you will be provided with an AAPL Form Joint Operating Agreement (the "JOA") for your execution, which JOA will govern the operations in the Unit. You must pay your proportionate share of all costs to drill the well within 15 days prior to commencement of actual drilling operations as set forth in the JOA.

In the event you provide XTO with a notarized statement agreeing to pay your proportionate share of the costs, but do not fully pay such costs within fifteen (15) days prior to commencement of actual drilling operations then you will be subject to the non-consent penalties set forth in the JOA. Additionally, XTO, as Operator, shall have the right, if the well is a producer, to appropriate, retain, market and sell your share of production until the non-consent penalty in the JOA is satisfied. Please be advised that a continuing cost borne by the Working Interest Owners will be a 1%, overriding royalty on production that will be paid as consideration for the surface location which will be proportionately reduced.

Notwithstanding anything contained herein to the contrary, the JOA will not contain any provision that is prohibited by the Mineral Interest Pooling Act, V.T.C.A. Natural Resources Code, § 102.001 *et seq.* Specifically:

1. The JOA will not provide for a preferential right of the operator to purchase mineral interests in the unit;
2. The JOA will not provide for a call on or option to purchase production from the unit;
3. The JOA will not provide for operating charges that include any part of district or central office expense other than reasonable overhead charges; and
4. The JOA will not contain a prohibition against non-operators questioning the operation of the unit.

If you elect to farmout your mineral interest to XTO according to Option 3 above, XTO will provide for your review and execution a proposed form of farmout agreement containing the terms set forth in Option 3 above.

Please review this letter and indicate your acceptance of this voluntary pooling offer by selecting one of the three pooling options by placing an "X" in the appropriate space below and then return one (1) completed, signed copy of this letter to us in the enclosed stamped, self-addressed envelope. **We ask that you return your completed signed letter indicating your selected pooling option within fourteen (14) days of your receipt of this letter.** If XTO has not received from you a completed and signed copy of this letter within **fourteen (14) days**, then we will consider that as your refusal to voluntarily pool your interest by either executing a lease of your mineral interest to XTO, or participating with XTO in the drilling of the well(s) to be drilled on the Unit to the extent of your proportionate interest or, by farming out your interest to XTO.

Please be advised that if you take no action to select either Option 1, 2, or 3 above within the 14-day period set forth above, then XTO intends to file an application with the Texas Railroad Commission to seek involuntary pooling of your mineral interest with all other mineral interests in the proposed Unit pursuant to a forced pooling order to be issued by the Texas Railroad Commission pursuant to the jurisdiction granted to it in the Mineral Interest Pooling Act, V.T.C.A. Natural Resources Code Sections 102.001 – 102.112.

The target field for the proposed Unit well is the Newark, E. (Barnett Shale) Field. Many years of industry experience have taught us that the best way to drill and produce this Field is by drilling horizontal wells that may extend for several thousand feet in length. In an urban environment such as Tarrant County such a well would necessarily cross through many, many small tracts and town lots. Many of the town lots that will be included in the Unit are just  $\frac{1}{4}$  of one acre in size. It is physically impossible to drill a lengthy horizontal drainhole that would be confined beneath just one such a small tract. In order to drill a horizontal drainhole which will be able to best produce from this Field, it is important that all tract owners join together in a pooled unit so that XTO can drill horizontal drainholes without regard to individual tract boundaries. All owners within the Unit will benefit because each will share in production from the well or wells on the Unit. Optimum length horizontal drainholes can be drilled. This will maximize production. All owners who are pooled in the Unit will participate in that maximized production and receive their proportionate fair share. We respectfully submit that the formation

of the proposed Unit is in the best interest of all mineral owners and we urge you to accept this voluntary pooling offer by selecting one of the three offered pooling options and returning the completed letter within 14 days.

Should you have any questions concerning the terms of the options set forth herein or the Mineral Interest Pooling Act, please feel free to contact either Brad Rich, Ext. 325 or Hobart Burton, Ext. 332 at Carla Petroleum, Inc. in Dallas at 972-973-1934. Carla Petroleum, Inc. is providing professional land services in this matter for XTO Energy Inc. We also strongly suggest that you seek separate legal counsel concerning your rights as a mineral owner, the options set forth herein respecting your mineral interest and the Mineral Interest Pooling Act.

Sincerely,



Keith Sawyer  
Division Landman  
XTO Energy Inc.  
810 Houston St.  
Fort Worth, Texas 76102-6298

**PLEASE INDICATE YOUR ELECTION BELOW AND RETURN THIS PAGE IN THE ENCLOSED SELF ADDRESSED ENVELOPE WITHIN 14 DAYS FROM THE RECEIPT OF THIS LETTER OR NO LATER THAN MARCH 20, 2009.**

\_\_\_\_\_ YOU elect to lease to XTO Energy Inc. under the terms of option (1), and a fully executed and acknowledged oil and gas lease is enclosed.

\_\_\_\_\_ YOU hereby elect to participate in this well under the terms of option (2).

\_\_\_\_\_ YOU elect to farmout your interest in this well under the terms of option (3).

**AGREED TO AND ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2009.**

BY: \_\_\_\_\_  
Signature

BY: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Daytime Phone Number

\_\_\_\_\_  
Daytime Phone Number