



HARDING COMPANY

DDJET

CONFIDENTIAL

DATE: 09/10/2007

**Harding Company and DDJET
Offer to Lease Minerals Owned by
the Cedar Hill Independent School District
For Oil and Gas Development.**

Request for Bid Number: 07-08-06

13465 Midway Road, Suite 400
Dallas, Texas 75244-5106
(214) 361-4292

Worldwide Web: www.hardingcompany.com



HARDING COMPANY

Table of Contents

Harding Company's Offer to Lease Minerals Owned by the Cedar Hill Independent School District for Oil and Gas Development. BID# 07-08-06

Page 1	Table of Contents (1 Page, This Page)
Page 2	Cover Letter (1 Page)
Page 3 - 8	Harding Company Offer and Bid (6 pages)
Page 9	Map of DDJET owned Gas Pipelines and Right of Ways in the Metroplex.
Attachment	Cedar Hill Independent School District, Request for Bid
Attachment	Cedar Hill Independent School District, Conflict of Interest
Attachment	HARDING & Metroplex Drilling Brochures and Miscellaneous Information.

Harding Company is a 54-year-old privately held Texas corporation with an excellent track record in all phases of oil and gas exploration and production. Harding is known as an experienced leader for Barnett Shale development in the Urban and Rural Communities of the Fort Worth Basin, with safety and concern for the environment being our number one priority!



Cover Sheet

Harding Company's Offer to Lease Minerals Owned by the Cedar Hill Independent School District for Oil and Gas Development. BID# 07-08-06

COMPANY: HARDING COMPANY

ADDRESS: 13465 Midway Rd
Suite 400
Dallas, Texas 75244-5106

CONTACT: John Petropoulos
Vice President of Land
Direct Office Number (214) 723-5118

TELEPHONE: (214) 361-4292

FAX NUMBER: (214) 361-7144

E-MAIL ADDRESS: johnp@petrocasa.com

FEDERAL TAX ID #: 75-1674512

WEB SITE: www.hardingcompany.com

Harding Company is a 54-year-old privately held Texas corporation with an excellent track record in all phases of oil and gas exploration and production. Harding is known as a leader for Barnett Shale development in the Urban and Rural Communities of the Fort Worth Basin with safety and concern for the environment being our number one priority. Harding Company has entered into a contractual arrangement via a joint venture to produce gas for marketing and sale through the existing ExxonMobil pipeline. Harding Company will attempt to sell gas to the best Intrastate or Interstate markets available.

AUTHORIZED SIGNATURE: John Petropoulos, Vice President of Land

AUTHORIZED SIGNATURE:

DATE: 09/10/2007



HARDING COMPANY

From: HARDING COMPANY
John Petropoulos
Vice President of Land
13465 Midway Rd
Suite 400
Dallas, Texas 75244-5106
(214) 361-4292
Email: johnp@petrocasa.com
www.hardingcompany.com

To: Cedar Hill Independent School District
Mr. Michael McSwain
Chief Financial Officer
270 South Highway 67 (Business Office)
Cedar Hill, Texas 75104
(972) 291-1581 ext 4028
Mike.mcswain@chisd.net

September 10th, 2007

RE: Harding Company's Offer to Lease Minerals Owned by the Cedar Hill Independent School District for Oil and Gas Development. BID# 07-08-06

Harding Company is known as a leader for Barnett Shale development in the urban and rural Communities of the Fort Worth Basin, with safety and concern for the environment being our number one priority. We have worked and raised our families in the Greater Dallas & Fort Worth Metroplex for decades and have a deep appreciation for the needs and concerns of our communities. Harding Company and Petrocasa Energy are proud to have been invited by NARO Texas (National Association of Royalty Owners) to make a presentation concerning *Constructing the Fair Urban Oil and Gas Leases in the Fort Worth Basin in September, 2006*.

Harding Company, through its affiliate, Cinco County Barnett Shale, LLC, formed a joint venture company called DDJET Limited, LLP, with Metroplex Barnett Shale LLC, (a wholly-owned subsidiary of the Exxon Mobil Corporation) for the purpose of exploring, producing and marketing Barnett Shale gas through an extensive existing pipeline in the eight-county area of Tarrant, Johnson, Ellis, Dallas, Denton, Collin, Navarro and Hill.

Over the past year, Harding Company distinguished itself as the operator of an earlier venture, replaced by DDJET Limited LLP, by successfully permitting and safely drilling the first gas wells in numerous municipalities, including Arlington, Grand Prairie, North Richland Hills, Midlothian.



Going forward in 2007, Harding Company (Harding Energy Partners, LLC) will continue to be responsible for certain activities including municipal permitting, lease clearances and lease acquisition through its land / leasing contractor Petrocasa Energy. Metroplex Barnett Shale LLC assuming responsibilities as General Partner and Operator of the wells.

- **Pipeline movement of natural gas from your wells to the best markets.**

Natural gas has no "real" value as long as it is in the ground. DDJET does not make lease proposals without having a tangible means in place to move gas. The existing and newly converted "Keller to Corsicana - DDJET" gas pipeline is ready to accept DDJET gas immediately. The "DDJET" gas pipeline runs from the Northwest to the Southeast and crosses through Tarrant County and the City of Grand Prairie and Midlothian and is in very close proximity to the County lease property.

(See attached maps).

The North and South right of way known as the Baytown to Irving ROW (BIPL ROW) is under study for the introduction of a pipeline to be introduced parallel to the existing pipeline.

(See attached map)

Third Party gas pipeline transportation exists and is currently available to Harding via Atmos and Energy Transfer (ETC) to the North and South of the Cedar Hill Independent School District leases, these lines will allow Harding / DDJET to sell gas in the near term. Due to the highly competitive nature of the Barnett Shale Play, we cannot provide additional confidential and strategic transportation information without having assurance of full confidentiality.

We want to be able to move your gas "24/7/365" without interruption, and at the best price. We anticipate receiving among the highest wellhead gas prices paid to any producer in the North Texas area, and will attempt to sell gas to the best intrastate or interstate markets available.

OUR SAFETY RECORD IS UNBLEMISHED. DDJET assigns the highest priority to the safety of its worker and the public, and is respectful for the concerns of the neighborhoods regarding the effects of drilling and producing operations in their community and preservation of the environment.

We have a proven track record of complying with state and municipal regulations regarding oil and gas drilling operations, and are well-known in the industry as an Operator that does not take "short cuts". We encourage you to investigate the safety record and operations history of ExxonMobil and Harding as the first Operators to receive drilling permits from North Richland Hills, Grand Prairie, Midlothian, Arlington and the City of Dallas. We suggest that you contact these cities' Gas Drilling Departments to discuss Harding's and Metroplex Barnett Shale LLC operations.

DDJET's drilling program employs the newest technologies utilizing three dimensional (3-D) seismic to view, predict and maximize the production potential from the Barnett Shale reservoir.

Until our seismic is obtained for your area, we will not be able to determine the most efficient way to develop your mineral estate. We utilize horizontal extended reach wells which allow us to drill multiple wells from a single well site, thus requiring fewer surface locations from which to fully exploit and develop your minerals.



- **DDJET's Offer to lease the Cedar Hill Independent School District Minerals.**

DDJET offers to lease minerals owned by the Cedar Hill Independent School District, to explore, drill and produce oil and gas in Dallas County, Texas under the following terms and conditions:

1. **Royalty:** Royalty on oil and gas production will be **25.00%**.

2. **Bonus:** Lease Bonus payment of **\$2,500. Per net mineral acre.**

Example: 122 (+-). Net Mineral Acres X \$2,500 = (\$305,000.) to be confirmed by Survey of boundaries and Title Opinion prior to the payment of such bonus.

3. **Lease Form:** Shall be a Paid-Up Lease form.

4. **Lease Term:** The Lease is for a term of **36 months** (called "Primary Term").

5. **Surface Use:** DDJET agrees that it shall have no right to use the surface of the Cedar Hill Independent School District Lease Premises without first obtaining the Cedar Hill Independent School District written consent. The Cedar Hill Independent School District agrees to allow DDJET access to the Cedar Hill Independent School District land for the purpose of obtaining seismic using urban friendly seismic exploration methods.

6. **Well Sites:** Harding & DDJET have acquired several drill sites near Hill Tower and Mount Lebanon that can remotely access the Cedar Hill Independent School District minerals via horizontal drilling. Harding / DDJET are in negotiations for several additional drill sites in the area to access and develop private citizens and the Cedar Hill Independent School District minerals.

Due to the highly competitive nature of the Barnett Shale Play, we cannot provide additional confidential and strategic well site information without having assurance of full confidentiality. Upon entering into an agreement, Harding & DDJET will provide additional and detailed plans to access, drill and pool minerals owned by Cedar Hill Independent School District.

7. **Surface Restoration:** As a good neighbor, we agree to restore the surface of all land that might be damaged or used by its operation hereunder as nearly as possible to its original condition as soon as practicable after such damages occur. The restoration of the surface shall include removing all gravel, caliche, and fill material and reseeding or resodding as requested.

8. **Production Unit Size:** Acreage for a well may not exceed the number of acres sufficient under governmental regulations to permit a full production allowable for each well. A unit for a horizontal well may include (i) the amount of acreage allowed for obtaining a permit to drill a well under the spacing and density provisions in the applicable field or statewide rules for a vertical wellbore, plus the additional acreage listed in the tables in Rule 86, or (ii) the amount of acreage allowed for obtaining a full production allowable under the applicable field or statewide rules for a vertical wellbore, plus the additional acreage listed in the tables in Rule 86 of the Texas Railroad Commission.



9. **Proportionate Reduction:** It is expressly agreed that if the Cedar Hill Independent School District owns less than the entire fee simple estate in the oil and gas in, on, and under the Leased Premises, whether or not this Lease purports to cover the whole or a fractional interest, the bonus, royalties and shut-in royalties to be paid to the Cedar Hill Independent School District shall be reduced in the proportion to its interest to the whole and undivided fee and in accordance with the nature of the estate.
10. **Offer Security:** Harding / DDJET agrees to provide within seven (7) days of notification, a cashier's check in the amount of 5.00% of the specified lease bonus as good faith in further negotiating the mineral lease should Harding / DDJET be selected as a bid finalist.
11. **Insurance:** Upon request, Metroplex Barnett Shale LLC as Operator shall furnish proof of coverage from its insurance company or companies and/or provide the Cedar Hill Independent School District with copies of Metroplex's coverage.
12. **Indemnity:** DDJET shall indemnify and hold the Cedar Hill Independent School District harmless from and against any and all claims, costs, damages or causes of action of any kind, including, but not limited to, attorney's fees and costs asserted against the Cedar Hill Independent School District for damages to property, or for injury to or death of any person, including but not limited to, the employees of DDJET & Metroplex Barnett Shale LLC, its successors, assigns, contractors or subcontractors, which are exclusively caused by DDJET & Metroplex Barnett Shale LLC's operations hereunder on land leased by the Cedar Hill Independent School District to DDJET.
13. DDJET and Metroplex Barnett Shale LLC agrees to conform to all ordinances regulating oil and gas drilling contained in the Code and applicable ordinances of the City in which the drillsite is located.
14. DDJET shall satisfy itself as to title and acquire all necessary abstracts and other title information solely at their expense. The lease shall contain no warranty of title by the Cedar Hill Independent School District.
15. By submitting a bid, DDJET acknowledges and understands all terms of the bidding documents and consents to the bidding process and the possibility of a negative assessment. By submitting a bid, DDJET acknowledges and agrees that there was and is no disparity of bargaining power between DDJET and the Cedar Hill Independent School District.
16. This offer is submitted subject to final negotiation of the lease form mutually acceptable to DDJET and the Cedar Hill Independent School District.

We request that this offer (including the bonus, royalty, terms and development plans) remain confidential and not be discussed with the public and any other oil and gas companies. However, we do not object to you sharing this offer with legal or professional consultants who also agree to hold the terms and conditions hereof confidential. In fact, we encourage you to seek the professional opinions of registered engineers and geologist.



Should you have any questions concerning the provisions of this offer and the proposed revisions to your oil and gas lease please do not hesitate to contact me and I will arrange a meeting with Harding's Venture O&G Attorney, Mr. John B. Holden, Jr., and Counsel to Jackson Walker in Dallas.

We look forward to working with you towards finalizing and entering into an oil and gas lease that we believe will be advantageous to all concerned. We are eager to complete these arrangements and commence our exploration program without delay. This offer will expire, November 1st 2007 (unless mutually extended), and is subject to examination of the land title and the acceptance of terms. Harding & DDJET reserve the right to rescind this offer at any time without prior notice.

If you would like to discuss any aspect of this proposal, please do not hesitate to contact me at (214) 503-9932 or by email at johnp@petrocasa.com. You may also obtain additional information concerning DDJET & the Harding Company at www.hardingcompany.com.

Thank you for your interest and we look forward to talking with you soon.

Respectfully Submitted,

John Petropoulos
Vice President of Land, Harding Company
Direct Office Number (214) 723-5118



HARDING COMPANY

Exhibit "A"

Approximately 122 acre (+-) located in Dallas County Texas.

Acreage Chosen to Bid on by Harding / DDJET

Ag Farm
D H Gray Survey
AB 516 & 138
15.35 Acres

Ninth Grade Center
D H Gray Survey
AB 516
21 Acres

Ninth Grade Center
D H Gray Survey
AB 516
53.3Acres

Ninth Grade Center
U Mathusen Survey
AB 1050
19.22 Acres

Lake Ridge Elementary
Robert Ground Survey
AB 515
13 Acres