

# STEPHEN T. LINK

Attorney at Law

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1033 Mt. Pleasant Rd., Suite H  
Evansville, IN 47725-7149  
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Tel. (812) 423-8061  
Fax (812) 424-5739

September 26, 2008

Attn: Herschel McDivitt  
Department of Natural Resources  
Division of Oil and Gas  
402 West Washington Street, Rm. W293  
Indianapolis, IN 46204

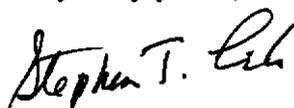
Re: Continental Resources, Inc.  
Sections 26, 27 & 34, Township 6 South, Range 13 West  
Posey County, Indiana

Dear Herschel:

Please find enclosed a Petition for Integration of Interests pertaining to the above described proposed unit.

Thank you for your assistance with this matter.

Very truly yours,



Stephen T. Link

STL/plf

Enc.

cc: Richard Straeter

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

IN RE:           PETITION OF CONTINENTAL RESOURCES, INC. FOR THE  
                  INTEGRATION OF INTERESTS IN SECTIONS 26, 27 AND 34,  
                  TOWNSHIP 6 SOUTH, RANGE 13 WEST, POSEY COUNTY,  
                  INDIANA

**PETITION FOR THE INTEGRATION OF INTERESTS**

**COMES NOW**, Continental Resources, Inc. (f/k/a Continental Resources of Illinois, Inc.), P. O. Box 749, Mt. Vernon, Illinois 62864, hereinafter referred to as "PETITIONER" by its attorney, Stephen T. Link, and pursuant to IC 14-37-9-1 and other applicable laws enacted by the State of Indiana to prevent waste and to avoid the drilling of unnecessary wells, respectfully petitions the Department of Natural Resources, Division of Oil and Gas, hereinafter referred to as "DIVISION," to require the integration of all interests in the oil, gas and other hydrocarbons in and under certain land located in Sections 26, 27 and 34, Township 6 South, Range 13 West, Posey County, Indiana, to develop the land as a single unit consisting of a pool suitable for secondary recovery methods. The surface and mineral estate, which is the subject of this Petition, being an undivided one-fourth interest in an 80 acre tract, and which is hereinafter referred to as the "SEPARATELY OWNED INTEREST," is owned by:

**Kathryn Day Culley  
394 Savah Road  
Mt. Vernon, IN 47620-8231**

In support thereof the Petitioner states:

1.     PETITIONER is an owner of, and the operator acting as the duly authorized representative of all other owners of, valid and subsisting oil and gas leases covering 100% of the oil, gas and other hydrocarbons underlying all lands which are the subject of this Petition. A copy of the Oil and Gas Lease executed by the owner of the SEPARATELY OWNED INTEREST, Kathryn Day Culley, is attached hereto as Exhibit 1.
2.     PETITIONER has drilled and completed certain wells on the lands which are the subject of this Petition and has heretofore produced same by primary means.
3.     Such drilling and primary production has resulted in the delineation of a pool suitable for secondary recovery within the meaning of IC 14-37-9-1, hereinafter referred to as the "SECONDARY RECOVERY POOL."
4.     PETITIONER has proposed the voluntary establishment of a waterflood unit agreement covering the SECONDARY RECOVERY POOL, the terms and provisions of which are more fully set forth on Exhibit 2 attached hereto. Said Exhibit includes, as Exhibits A, B and

- C, respectively, a schedule of the leases to be unitized, a map depicting tract names, numbers, well numbers and status and tract participation factors.
5. All working interest owners and all overriding royalty interest owners have executed a counterpart of Exhibit 2.
  6. All royalty owners, with the sole exception of the owner of the SEPARATELY OWNED INTEREST, including her coal lessors, have executed a counterpart of Exhibit 2.
  7. The SEPARATELY OWNED INTEREST owned by Kathryn Day Culley consists of a 3.125% royalty interest and a 1.367188% overriding royalty interest in 80 acres of the Culley Lease. Under the proposed unitization agreement, that 80 acre tract would be allocated 28.368% of unit production.
  8. The participation factors proposed with respect to the SECONDARY RECOVERY POOL have been established by the application of generally accepted petroleum engineering principals, summarized on Exhibit 3 attached hereto, and represent the most fair, just and reasonable allocation of production among the several tracts constituting the SECONDARY RECOVERY POOL.
  9. PETITIONER has repeatedly contacted the owner of the SEPARATELY OWNED INTEREST and has diligently attempted to obtain her consent to the proposed voluntary unitization agreement. A Contact Report summarizing said attempts is attached hereto as Exhibit 4.
  10. PETITIONER desires to institute a controlled secondary recovery program and to artificially drive oil reserves across existing lease lines, all in furtherance of enhancing overall recovery of oil for the mutual benefit of all owners of interest.
  11. The installation and operation of such program would be at the sole cost of PETITIONER and its co-working interest owners, and no cost would be assessed against the owner of the SEPARATELY OWNED INTEREST. Surface use requirements in connection with such program would not significantly exceed those exercisable by PETITIONER under the currently valid and subsisting Oil and Gas Leases.
  12. If the DIVISION does not require the integration of the SEPARATELY OWNED INTEREST in the SECONDARY RECOVERY POOL, the oil, gas and other hydrocarbons thereunder cannot be economically and efficiently extracted by secondary means, correlative rights cannot be protected and waste and the drilling of unnecessary wells will occur.
  13. The DIVISION has the right and power, pursuant to IC 14-37-9-1 et seq., to require such integration upon reasonable terms.

WHEREFORE, PETITIONER respectfully moves the DIVISION, after such notice and hearing as may be required by law, to issue an "Order for Integration of Interests" to effectuate the following:

- A. Integrate the SEPARATELY OWNED INTEREST with all other leased and unitized tracts and interests in the SECONDARY RECOVERY POOL as a royalty owner upon the terms and provisions of Exhibit 2; and
- B. Implement such other or further terms and provisions in accordance with the laws of the State of Indiana that the DIVISION, may, in its discretion, deem desirable and proper.

Respectfully submitted,

CONTINENTAL RESOURCES, INC.

By: Stephen T. Link Date: 9-26-08  
Stephen T. Link, #9890-82  
1033 Mt. Pleasant Rd., Suite H  
Evansville, IN 47725  
Telephone (812) 423-8061  
Facsimile (812) 424-5739  
Attorney for PETITIONER

Post-it® Fax Note	7871	Date	2-6-08	# of pages	5
To	Steve Link	From	Kayla Ham		
Co./Dept.	Attorney	Co.	Continental Resources		
Phone #		Phone #	618-316-2025		
Fax #	812-424-5739	Fax #			

I 200403611 Page 1 of 5  
 CLS Date 07/23/2004 Time 11:07:23  
 POSEY COUNTY RECORDER  
 SANDRA J. ELPERS 5P  
 FEE: 17.00

**OIL AND GAS LEASE**  
 (88 Rev.B)

THIS AGREEMENT made this 14<sup>th</sup>  
 day of July, 2004 between:

Wayne L. Cufley, Trustee of the Wayne  
 L. Cufley Living Trust; Kathryn D. Cufley;  
 Joyce A. Cufley; and Jane G. Bonaldi

(For Recordors Use)

herein called Lessor  
 (whether one or more),  
 and

Parker Exploration & Production, LLC  
 2940 Donner Road  
 Wadesville, IN 47638

herein called Lessee (whether one or more).

Lessor, in consideration of Ten Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, ponds, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases, and their respective constituent products and other products manufactured therefrom, together with the right of ingress and egress thereto or to other land under lease to Lessee, the following described land in Posey County, Indiana to-wit:

**Township 6 South, Range 13 West of the 2<sup>nd</sup> P.M.**

Section 26: Nineteen acres off the West side of a certain fifty-one acre tract of land, consisting of the two following described parcels of land, to-wit: Sw/4 Sw/4 of Section 26, Township 6 South, Range 13 West, and Eleven acres off the south side of the Nw/4 Sw/4 of Said Section Twenty-six, Township 6 South, Range 13 West

Section 27: Thirty- one acres of land off the east side of the Se/4 Se/4;  
 E/2 Sw/4 Se/4;  
 Ten acres off the west side of the Se/4 Se/4;  
 And Thirty and Sixteen hundredths acres off the south side of the Ne/4 Se/4

and containing 110.16 acres, more or less. It is intended hereby to include herein all lands and interest therein contiguous to or pertinent to the above described land and owned or claimed by Lessor. For the purpose of making any payment based on acreage, said land and its constituent parcels shall be deemed to contain the acreage above stated whether they actually contain more or less. This lease shall cover all the interest in said land now owned by or hereafter vested in Lessor, even though greater than the undivided interest (if any) described above.

Subject to the other provisions herein contained, this lease shall remain in force for a term of Two (2) Years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them is produced from said land or land with which said land is pooled; provided, however, that for injection purposes this lease shall continue in full force and effect only as to the subsurface strata or stratas into which such injections are being made, together with such surface privileges as may be necessary or desirable to continue such injections.



The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipe line to which the wells may be connected; Lessor's interest in either case shall bear its proportion of any expenses for treating oil to make it marketable as crude; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; and (c) if at any time while there is a gas well or wells on the above land (and for the purposes of this clause (c) the term "gas well" shall include wells capable of producing natural gas condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) such well or wells are shut in, and if this lease is not continued in force by for some other provision hereof, then it shall nevertheless continue in force for a period of ninety (90) days from the date such well or wells are shut in, and before the expiration of any such ninety day (90 day) period, Lessee or any assignee hereunder may pay or tender an advance annual royalty payment of Fifty Dollars (\$50.00) for each such well, and if such payment or tender is made, this lease shall continue in force and it shall be considered that gas is being produced from the leased premises in paying quantities within the meaning of paragraph 2 hereof for one (1) year from the date such payment is made, and in like manner subsequent advance annual royalty payments may be made or tendered and this lease shall continue in force and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of said paragraph 2 during any annual period for which such royalty payment is so paid or tendered; such advance royalty payment may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals; royalty accruing to the owners thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment.

Lessee is hereby granted the right to pool or unitize this lease, the land covered by it, or any part thereof, with any other land, lease or leases or parts thereof, for the production of oil, liquid hydrocarbons and all gases and their respective constituent products, or any of them. No unit for the production of oil shall embrace more than eighty (80) acres, except in cases where it may be necessary or convenient to conform a unit to survey subdivisions, such unit may contain not to exceed eighty-five (85) acres; provided, however, that if any Federal or State law, Executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable on acreage per well, then any such units may embrace as much additional acreage as may be so prescribed or as may be used in such allocation or allowable. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. Such units may be designated either before or after the completion of wells. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease, whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

If, prior to discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, on said land or on land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operation within sixty (60) days thereafter. If, at the expiration of the primary term, oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is not being produced on said land or land pooled therewith but Lessee is then engaged in operations for drilling, mining or reworking of any well or wells thereon, this lease shall remain in force so long as such operations or said additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than sixty (60) consecutive days, and, if they result in production, so long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within two hundred feet (200 ft.) of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purposes of this lease shall be conclusive.

Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, including repressuring, pressure maintenance, cycling, and secondary recovery operations, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth. Lessee shall pay for damages caused by its operations to growing crops on said land. No well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus

gas not needed for operations hereunder.

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Exhibit 1  
Page 4 of 10

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or require the installation of separate measuring tanks. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder, and if assignee of part or parts hereof shall fail to comply with any provision of the lease, such default shall not affect this lease insofar as it covers the part of said lands retained by Lessee or another assignee.

When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee. Lessee shall not be held liable in damages for failure to comply with any express or implied covenant of this lease if compliance is prevented by, or if such failure is the result of any State, Federal, or Municipal law, ordinance, Executive order, rule or regulation.

Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that, if Lessor owns an interest in the oil and gas and like minerals underlying said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately. This lease shall be binding upon all who execute it, and they shall be considered Lessors, whether or not they are named in the granting clause hereof and whether or not all parties named in the granting clause execute this lease.

Notwithstanding anything herein to the contrary the terms and conditions of this lease shall be expressly subject to the provisions of Exhibit "A" attached hereto and incorporated herein by reference.

The undersigned Lessors, for themselves and their heirs, successors, and assigns, hereby surrender, release and waive all right of homestead in the premises herein described, insofar as said right of homestead may in any way affect the purpose for which this lease is made as recited herein.

IN WITNESS WHEREOF, we sign the day and year first above written.

X Wayne L. Culley [SEAL]  
Wayne L. Culley, personally and as Trustee  
Of the Wayne L. Culley Living Trust

X Kathryn D. Culley [SEAL]  
Kathryn D. Culley

X Joyce A. Culley [SEAL]  
Joyce A. Culley

X Jane G. Bonaldi [SEAL]  
Jane G. Bonaldi

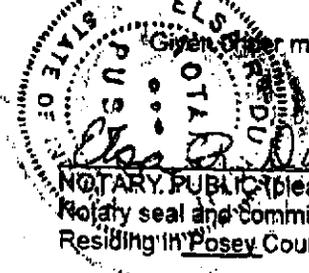
**Acknowledgement of Lease**

STATE OF INDIANA )  
COUNTY OF POSEY )

ISS

I, the undersigned, a Notary Public, in and for said County and State aforesaid, DO HEREBY CERTIFY that Wayne L. Culley, Kathryn D. Culley, and Joyce A. Culley personally known to me to be the same persons whose names are subscribed to the foregoing instrument, as having executed the same, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument as their free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and Notarial seal this 23rd day of July, 2004.

  
Lisa R. Duncan  
NOTARY PUBLIC (Please sign above)  
Notary seal and commission expiration: Jan. 21, 2009  
Residing in Posey County, Indiana



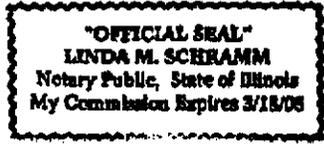
Acknowledgement of Lease

STATE OF Illinois )  
COUNTY OF St. Clair )SS \_\_\_\_\_ C71

I, the undersigned, a Notary Public, in and for said County and State aforesaid, DO HEREBY CERTIFY that Jane B. Bonaldi personally known to me to be the same person whose name is subscribed to the foregoing instrument, as having executed the same, appeared before me this day in person and acknowledged that she signed, sealed and delivered the said instrument as her free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under my hand and Notarial seal this 22nd day of July, 2004.

Linda M. Schramm  
NOTARY PUBLIC (please sign above)  
Notary seal and commission expiration:  
Residing in St. Clair County, Illinois



This instrument was prepared by:

Delwin L. Parker  
2940 Donner Road  
Wadesville, IN 47638

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## "EXHIBIT A"

Attached to and hereby made a part of that certain oil and gas lease by and between Wayne L. Culley, as Trustee of the Wayne L. Culley Living Trust; Kathryn D. Culley; Joyce A. Culley; and Jane G. Bonaldi as Lessors and Parker Exploration & Production, LLC as Lessee and dated July 14, 2004.

Lessors and Lessee hereby agree to the following additional terms and conditions.

1. Prior to or at the time that a drilling rig is moved onto each location on the land, Lessee shall pay Lessor \$2,000.00, which shall apply toward payment of land damages and shall be non-refundable. Lessee shall pay for all actual land damages caused by drilling and production operations, and shall receive a credit of \$2,000.00 per location for the amount paid prior to drilling against said actual damages. In addition, when and as any well or any drilling site is abandoned, Lessee shall fill up and level all holes, pits, ditches and ruts caused by its operations thereon and return the land as nearly as possible to its original condition prior to entry by Lessee.
2. All drilling and production operations conducted by the Lessee on the land shall be in a neat and orderly manner. Lessee shall not allow junk or refuse to accumulate on lands cleared for drilling or production operations and shall control growth and spread of weeds, as to those lands only. Drilling mud shall not be covered over in the pits (if any), but all pits (if any) shall be cleaned and spread out before the filling and restoring of the land.
3. Lessee covenants and agrees to bury (and to keep buried) any pipes and flow lines below plow depth. Plow depth shall be considered to be no less than three feet below the surface of the ground. The location of any tank batteries, pipelines, roadways, power stations or structures on the land for the purpose of accumulating and storing oil and/or gas produced therefrom, shall be by mutual consent of Lessor and Lessee herein, said consent shall not be unreasonably withheld by Lessor.
4. Lessee hereby agrees to replace or repair any drainage tile damaged as a result of Lessee's operations on the land.
5. Lessee hereby agrees to pay for any growing crop destroyed by said operations under this oil and gas lease at prevailing market rates.

Signed for Acceptance:

x Wayne L. Culley  
Wayne L. Culley

x Kathryn D. Culley  
Kathryn D. Culley

x Joyce A. Culley  
Joyce A. Culley

x Jane G. Bonaldi  
Jane G. Bonaldi

x Delwin L. Parker  
Delwin L. Parker, manager of Parker Exploration & Production LLC



**NATION ROAD WATERFLOOD UNIT**  
**ROYALTY UNITIZATION AGREEMENT**

THIS AGREEMENT, dated for convenience of reference as of the 1<sup>st</sup> day of February, 2008, by and between CONTINENTAL RESOURCES, INC., hereinafter called "Operator", and the other parties who have signed the original of this instrument, a counterpart thereof or other instrument agreeing to be bound by the provisions hereof:

WITNESSETH

That

WHEREAS, Operator is the current operator and Working Interest Owners (as hereinafter defined) are the owners of the entire working interest in and to the oil and gas leases covering the Unit Area (as hereinafter defined), and Royalty Owners (as hereinafter defined) own or claim royalty, overriding royalty, production payments, or other rights or interests, all subject to the above-mentioned oil and gas leases and to the rights of Operator and Working Interest Owners to explore for and produce Unitized Substances (as hereinafter defined) from the Unit Area; and

WHEREAS, it is the desire of the parties to provide for the prevention of waste, and for the conservation and greatest ultimate recovery of Unitized Substances in the operation and development of the Unit Area, and to that end desire to provide for the development and operation of the Unit Area as an entirety and as though covered by a single lease executed by the owners of all interests therein;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements hereinafter set out and contained, it is agreed by and between the parties, as follows:

1. Definition of Terms.

(a) "Unit Area" means the lands outlined on the map attached hereto, marked Exhibit "B" and subject to the oil and gas leases described in a schedule thereof attached hereto, marked Exhibit "A."

(b) "Separate Tract" means each tract which is given a separate tract number and percentage of participation on Exhibit "B" attached hereto. The separate tracts in the aggregate are the same as the Unit Area.

(c) "Unitized Substances" means all oil, gas, casinghead gas and other liquid and gaseous hydrocarbons produced from all formations underlying the Unit Area after the effective date hereof.

(d) "Royalty Owner" is one who, subject to the right of Operator and Working Interest Owners to explore for and produce Unitized Substances from the Unit Area, owns land, mineral rights, royalties, overriding royalties, production payments or other rights or interests in the Unitized Substances.

(e) "Working Interest Owners" are those person or entities owning an interest which is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing and operating the oil and gas leases described in Exhibit "A." The rights and obligations of the Operator and the Working Interest Owners, inter se, are governed and controlled by the terms and provisions of that certain Operating Agreement dated November 19, 2004.

2. Development as Entirety. Operator and Working Interest Owners shall develop and operate the Unit Area for the production of Unitized Substances as an entirety and as though said Unit Area were covered by a single lease executed by the owners of all interests in the Unit Area. Such development may include primary, secondary, tertiary and other methods of recovery and the drilling or conversion of vertical, directional and horizontal wells. In this connection, Operator and Working Interest Owners are hereby granted the right (1) to inject into subsurface strata such substances and in such amounts deemed expedient for unit operations; (2) to use for injection purposes any well located on the Unit Area; (3) to use so much of the surface of the land within the Unit Area as may be reasonably necessary for unit operations; and (4) such other and further rights and privileges as are necessary and convenient to the efficient and economical operation of the Unit Area in accordance with good engineering and production practices.

3. Allocation of Production. The Unitized Substances produced and sold after the effective date hereof from any and all wells in the Unit Area shall be allocated to the Separate Tracts in the Unit Area in accordance with the participation percentages set forth in Exhibit "C" attached hereto. The portion of the Unitized Substances so allocated to each Separate Tract shall be considered and treated for all purposes as though it had actually been produced from and was the full production of that Separate Tract under the terms of the lease covering that Separate Tract.

4. Payment of Royalty. The royalty and any overriding, production payment, carried interests, lien, or other obligation accruing upon, payable out of or measured by production of Unitized Substances shall be based upon the allocation of the Unitized Substances to the Separate Tracts in the Unit Area, and shall accrue and be paid in the same manner and to the same extent as though the Unitized Substances so allocated to each Separate Tract had actually been produced from that tract under the terms of the oil and gas lease or leases covering that tract. No such royalty, overriding royalty, production payment or other payment, interest or obligation shall be payable upon or with respect to Unitized Substances used in the development

and operation of the Unit Area or which may be unavoidably lost without want of due diligence upon the part of Operator or Working Interest Owners. In the event that the lease, leases or other contracts covering a Separate Tract do not expressly provide for the manner in which Unitized Substances shall be divided or apportioned among the owners of separately owned divided parcels within such Separate Tract, then division of the Unitized Substances allocated to such Separate Tract among the owners of such divided parcels thereof shall be in the proportion that each such separate owner's acreage interest within the Separate Tract bears to the total acreage in such Separate Tract.

5. Extension of Terms of Leases and Other Instruments. The drilling, completion and continued operation of a well on any portion of the Unit Area shall be considered and construed as the drilling, completion and continued operation of a well under the terms of each lease, mineral deed, royalty conveyance or other instrument covering any portion of the Unit Area; and the production of Unitized Substances from any Separate Tract in the Unit shall be considered and construed as production under the terms of each lease, mineral deed, royalty conveyance or other instrument covering any portion of the Unit Area and shall continue each of said leases, deeds, conveyances and instruments in full force and effect as to all lands and formations covered thereby in the same manner and to the same extent as though produced from the land described in and covered by it.

6. Offset Wells. There shall be no obligation on Operator and Working Interest Owners to offset any well or wells drilled on the separately owned or leased tracts into which the Unit Area is now or may hereafter be divided, or to furnish separate measuring or receiving tanks; provided that Operator and Working Interest Owners shall perform their obligations with respect to the development of the Unit Area as a whole.

7. Effective Date. This agreement shall be binding upon each of the parties from and after the date of its execution by such party, whether or not it is executed by all parties owning interests in the Unit Area. Prior to the commencement of unit operations, Operator shall file for record with the Recorder of Posey County, Indiana, a declaration stating the date and hour upon which unit operations shall be commenced. The date and hour so specified in such declaration shall be the "Effective Date", as that term is used herein. A Royalty Owner may, with the consent of Operator, execute this agreement after the Effective Date, or ratify the same, and thereafter it shall be binding upon him.

8. Term. This agreement shall remain in force for a term co-extensive with the term of the oil and gas leases, or any of them, covering lands within the Unit Area, and all renewals, modifications or extensions thereof and as long as Unitized Substances are produced from the Unit Area or any part thereof.

9. Amendment of Leases. The oil and gas leases described in Exhibit "A" as herein amended and modified, are hereby adopted, ratified, approved and confirmed and shall be and remain in full force and effect.

10. Execution. This agreement may be executed in any number of counterparts and each such counterpart so executed shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same document, or this agreement may be ratified by a separate instrument in writing referring to this agreement. Each party acknowledges that no representation which is not incorporated herein has been made to him or it, and that this instrument has been signed and delivered unconditionally.

11. Oil in Tanks on Effective Date. Operator is authorized and directed to make a proper and timely gauge of all tanks within the Unit Area to ascertain the amount of oil in such tanks above pipe line connections on the Effective Date hereof. The oil so determined to be in such tanks shall remain and be the property of the parties owning the same immediately prior to the Effective Date hereof.

12. Binding Effect. The terms and provisions of this agreement shall constitute covenants running with the lands and shall extend to and become binding upon and inure to the benefit of the parties, their heirs, executors, administrators, successors and assigns.

EXECUTED by the parties as of the date first above mentioned.

OPERATOR

CONTINENTAL RESOURCES, INC.

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

Richard H. Straeter, President of IL Division

ROYALTY OWNERS

Parker Exploration & Development, LLC

\_\_\_\_\_  
By: Delwin Parker, its Managing Member

\_\_\_\_\_  
Jane G. Bonaldi

\_\_\_\_\_  
Donna M. Allyn

\_\_\_\_\_  
Joyce Ann Culley

\_\_\_\_\_  
Kathryn Day Culley

\_\_\_\_\_  
Allyn G. Simpson

JARD Group, a partnership

By: \_\_\_\_\_  
Kenneth J. Juncker, General Manager

\_\_\_\_\_  
L. David Allyn

Wayne L. Culley Living Trust dated  
November 25, 2002

By: \_\_\_\_\_  
Wayne L. Culley, Trustee

\_\_\_\_\_  
Nathalie A. Thompson

Ruth E. Allyn Testamentary Trust

By: \_\_\_\_\_  
Allyn Agency, Trustee

\_\_\_\_\_  
Ronald L. Simpson

\_\_\_\_\_  
Charles A. Thompson

WORKING INTEREST OWNERS

Continental Resources, Inc.

By: \_\_\_\_\_  
Richard H. Straeter, President of IL Division

Moore Family Holdings, Inc.

By: \_\_\_\_\_  
Lester D. Moore, President

Shakespeare Oil Co., Inc.

By: \_\_\_\_\_  
Donald R. Williams, Vice President

T. Scott Evans Oil Properties, Inc.

By: \_\_\_\_\_  
T. Scott Evans, President

\_\_\_\_\_  
Richard H. Straeter





State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Wayne L. Culley, Trustee of the Wayne L. Culley Living Trust dated November 25, 2002, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Allyn Agency, Trustee of the Ruth E. Allyn Testamentary Trust, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Jane G. Bonaldi, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Joyce Ann Culley, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Kathryn Day Culley, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared L. David Allyn, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Nathalie A. Thompson, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Ronald L. Simpson, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Charles A. Thompson, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared \_\_\_\_\_, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.





State of \_\_\_\_\_ )  
 ) ss:  
County of \_\_\_\_\_ )

Before me the undersigned, a Notary Public, personally appeared Richard H. Straeter, and acknowledged the execution of this instrument this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

\_\_\_\_\_  
Printed Name of Notary Public

I reside in \_\_\_\_\_ County, \_\_\_\_\_.

# EXHIBIT "A"

## NATION ROAD WATERFLOOD UNIT POSEY COUNTY, INDIANA

### Schedule of Leases

1. Culley

Oil and Gas Lease from Wayne L. Culley, Trustee of the Wayne L. Culley Living Trust, Kathryn D. Culley, Joyce A. Culley and Jane G. Binaldi, as Lessors, to Parker Exploration & Production, LLC, as Lessee, dated July 14, 2004 and recorded as Document 200403611 in the Office of the Recorder of Posey County, Indiana.

2. Allyn

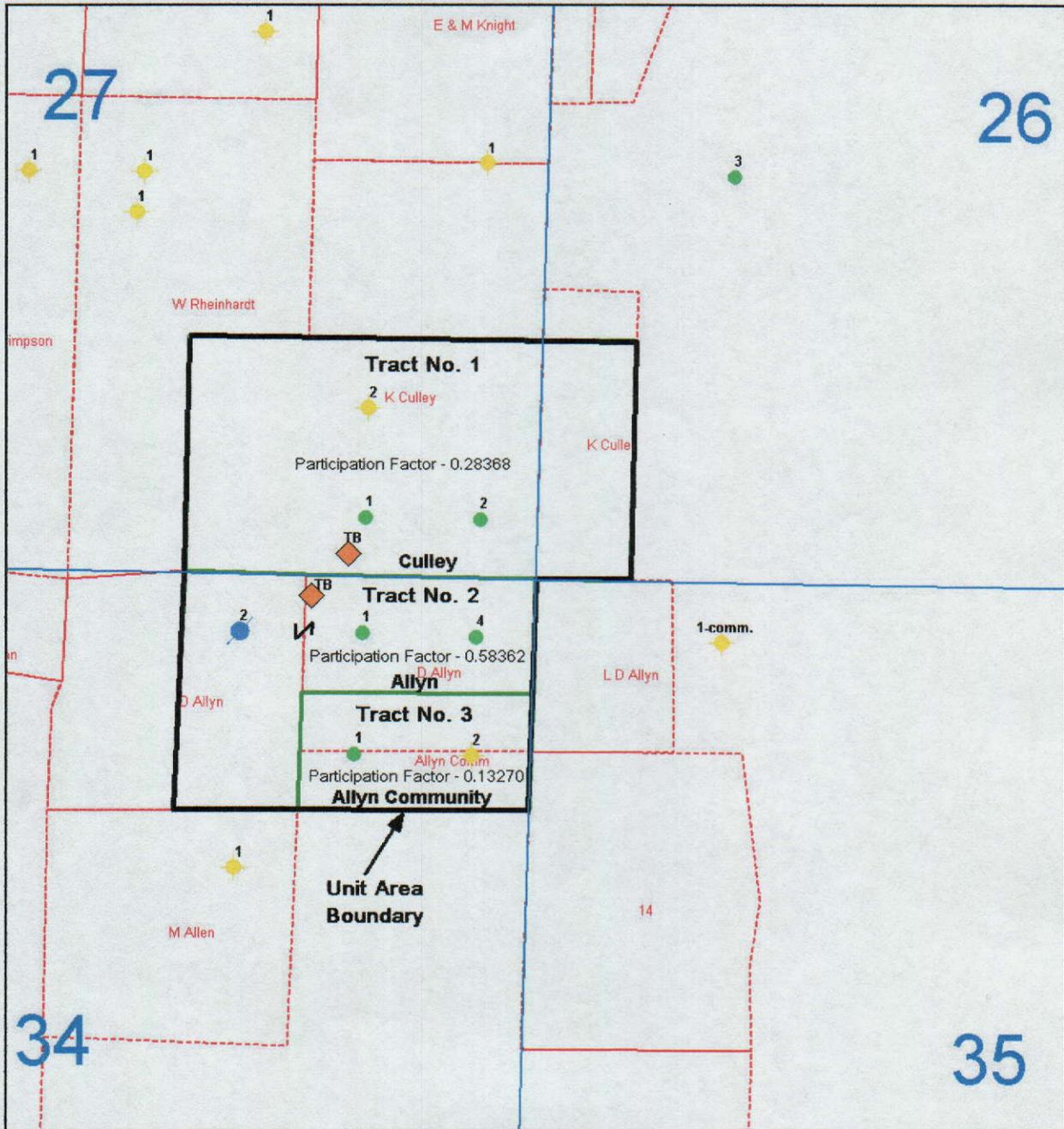
Oil and Gas Lease from L. David Allyn and Donna M. Allyn, as Lessors, to Continental Resources of Illinois, Inc., as Lessee, dated October 15, 2004 and recorded as Document 200500058 in the Office of the Recorder of Posey County, Indiana.

3. Allyn Community

That certain pooled unit created by Declaration of Pooled Unit, effective December 22, 2005, executed by Continental Resources of Illinois, Inc., recorded as Document 200600087 in the Office of the Recorder of Posey County, Indiana, which declaration pooled the following leases:

L. David Allyn et al. --	Doc. 200500058
Allyn G. Simpson et al. --	Doc. 200500521
Emily A. Moore --	Doc. 200500584

**EXHIBIT "B"**  
**NATION ROAD WATERFLOOD UNIT**  
**POSEY COUNTY, INDIANA**  
**UNIT AREA MAP**



**EXHIBIT "C"**  
**NATION ROAD WATERFLOOD UNIT**  
**POSEY COUNTY, INDIANA**

**Tract Participation Factors**

<u>LEASE</u>	<u>TRACT (By Number)</u>	<u>PARTICIPATION FACTOR</u>
Culley	1	0.28368
Allyn #1, #2, #4	2	0.58362
Allyn Community	3	0.13270
		<b>1.00000</b>

Tract 1 – Culley (Portion of CMC #51287)

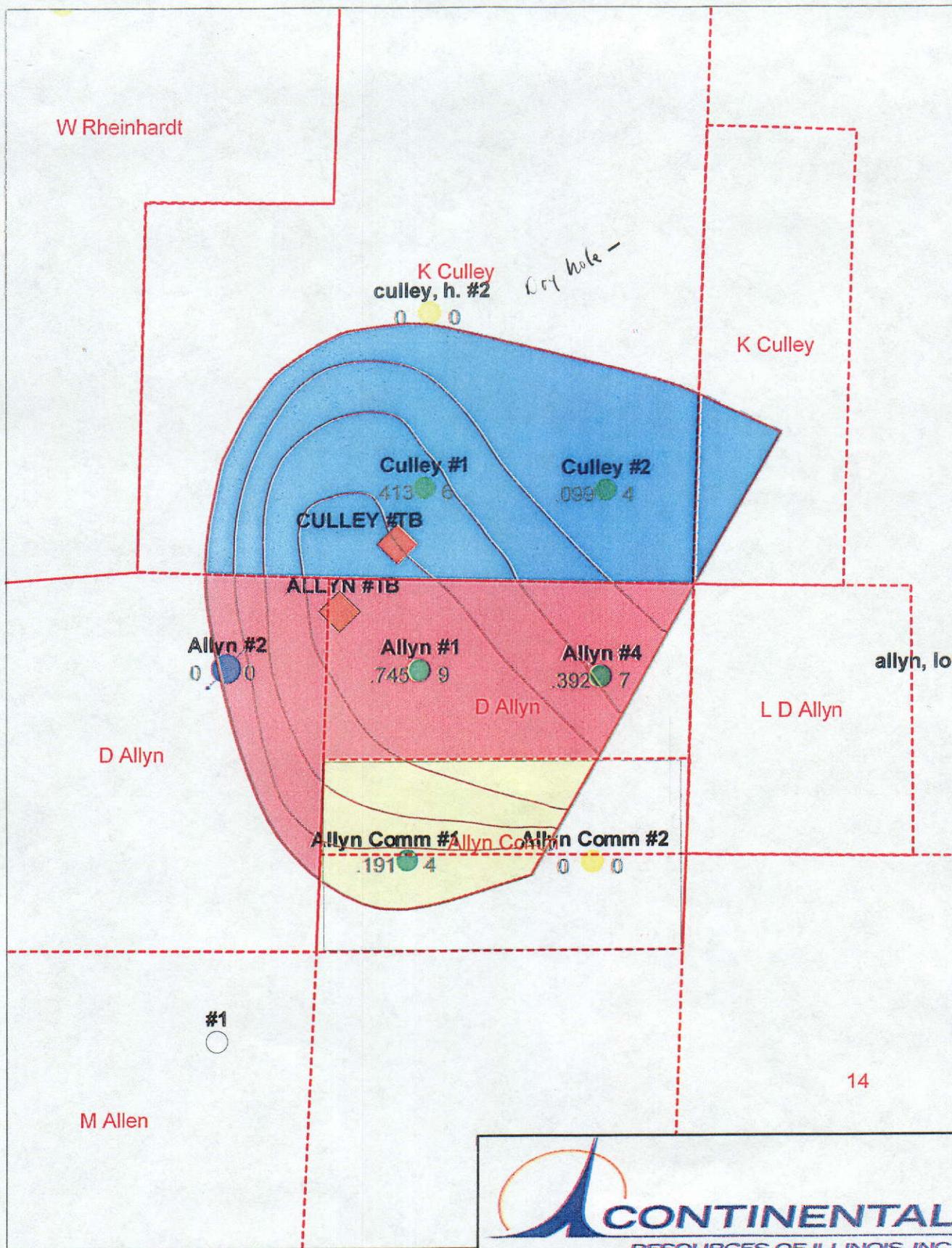
W $\frac{1}{2}$  SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 26, and SE $\frac{1}{4}$  SE $\frac{1}{4}$  and  
E $\frac{1}{2}$  SW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 27, all in Township 6 South,  
Range 13 West, Posey County, IN, and containing  
80 acres, more or less.

Tract 2 – Allyn #1, #2, #4 (CMC #51290 and other land)

N $\frac{1}{2}$  NE $\frac{1}{4}$  NE $\frac{1}{4}$  and E $\frac{1}{2}$  NW $\frac{1}{4}$  NE $\frac{1}{4}$ , all in Section 34,  
Township 6 South, Range 13 West, Posey County, IN,  
containing 40 acres, more or less.

Tract 3 – Allyn Community (CMC #51342)

S $\frac{1}{2}$  NE $\frac{1}{4}$  NE $\frac{1}{4}$  of Section 34, Township 6 South,  
Range 13 West, Posey County, IN, containing 20  
acres, more or less.



125 0 125 250 375 500 ft

Exhibit 3  
Page 1 of 2



**CONTINENTAL**  
RESOURCES OF ILLINOIS, INC.

**Caborn West Field**

Renault Sand	Hydrocarbon Pore Volume	25 October, 2006
By: Ed Kohler	S: 34 T: 6S R: 13W	Posey County, IN

**Caborn West Renault Waterflood Unitization  
Ownership Participation Calculations**

LEASE	CRI Ownership			2007 Average Production BOPD	Thru Dec-07 Cum BBLS	Renault Useable Wells	Renault		Participation Percentages				Lease Participation Factor	CRI WI	CRI NRI
	WI	NRI	Lease NRI				HCPV So-Por-Ft	HCPV BBI's	10% Flood Useable Wells	30% Production Potential BOPD	30% Renault HCPV Acre-Ft	30% Cum Prod Bbls			
Allyn (1)	60.5000%	51.2832%	84.7656%	13.7	37,291	3	11.73	79,132	0.600	0.6143	0.5002	0.6308	0.58362	35.3087%	29.9297%
Allyn Comm	60.5000%	51.2832%	84.7656%	3.5	4,283	1	3.43	23,139	0.200	0.1570	0.1463	0.0725	0.13270	8.0284%	6.8054%
Culley	60.5000%	51.2832%	84.7656%	5.1	17,541	1	8.29	55,925	0.200	0.2287	0.3535	0.2967	0.28368	17.1628%	14.5482%
				22.3	59,115	5	23.45	158,196	1.000	1.0000	1.0000	1.0000	1.00000	60.5000%	51.2832%

(1) One well completed as injector

07-21-08

## CONTACT REPORT

The following is a summary of the contacts with the owner of the SEPARATELY OWNED INTEREST, Kathryn Day Culley, attempted or made by representatives of Continental Resources, Inc. in connection with the proposed unitization of the Culley Oil and Gas Lease into the Nation Road Waterflood Unit:

1. **March, 2008:** Unitization proposed via Delwyn Parker to Kathryn Day Culley.
2. **April 18, 2008:** Certified letter and written Unitization Agreement mailed to Kathryn Day Culley by Eric Anderson.
3. **May 14, 2008:** Above received by Kathryn Day Culley, who had been in Florida.
4. **May 14, 2008:** Richard Straeter telephoned Kathryn Day Culley, reviewed calculation of participation factors and informed her that all parties had signed except her. Kathryn Day Culley requested copies of logs for Culley #1 and Culley #2 wells, but also wanted data on unrelated Searcy Rising wells which she had previously indicated she wanted to purchase from Continental Resources, Inc.
5. **May 20, 2008:** Sent Kathryn Day Culley requested copies of logs for Culley wells.
6. **May 30, 2008:** Richard Straeter met with Kathryn Day Culley at the home of her sister, Joyce Culley, who had already signed the Unitization Agreement. She wanted her sister's signature "taken off" of the Agreement. Calculation of participation factors was again discussed. Kathryn Day Culley wanted credit for the Culley #2 well as a flood useable well, when it was not. It was not a commercial Renault well and was not completed in the Renault formation, but the location was credited for what little reservoir volume existed. She demanded, as a pre-condition to signing the Unitization Agreement, that Continental Resources, Inc. attempt to complete the Culley #2 well in the Renault formation and that she be allowed to be present. Continental Resources, Inc. agreed, so long as company safety guidelines were followed.
7. **June, 2008:** Culley #2 well perforated and acidized; non-commercial nature of Renault formation at this location confirmed.
8. **July 30, 2008:** Richard Straeter telephone Kathryn Day Culley who stated she would not sign the Agreement and not to call her again.
9. **September 23, 2008:** Counsel for Continental Resources, Inc. telephoned Kathryn Day Culley and informed her, as a courtesy, of the impending filing of this Petition and inquired of any objections she had thereto. Instead of verbalizing any objections, she requested the communication to be to her in writing and hung up.