

RECEIVED OOD

## FORTUNE NATURAL RESOURCES CORPORATION

2013 MAR 2 23

March 2, 2013

**Kirby Minerals AN Oklahoma  
General Partnership  
PO Box 268947  
Oklahoma City, OK 73126**

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

1. Unit Agreement (for your review)
2. Unit Operating Agreement (for your review)
3. Ratification and Joinder of Unit Agreement and Unit Operating Agreement (sign, have notarized and return)
4. Plan of Operations

Please review the Plan of Operations page for a detailed review of the waterflood. This secondary recovery project will be flooding the San Andres formation. Sundown/FNRC plans to spend \$1,295,000 initially on this project. We believe we will be able to recover 268,000 bbls of secondary reserves over the life of the flood and have an estimated project payout in approximately two years. Since you are only an Overriding Royalty Interest Owner, you will only be receiving your proportionate share of the revenues. No costs will be allocated to your interest. The production of the current wells in this area are barely holding the leases. This secondary waterflood project will extend the life of the leases and your overriding royalty interest.

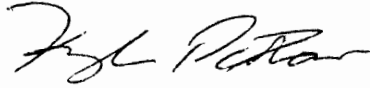
Sundown/FNRC is scheduled to go to a hearing to unitize the subject lands in May of 2013. Your timely response to this letter is extremely important and we request that you respond as soon as possible so we can start the unitization process. Please be aware that if you do not return this letter within 30 days of receipt we will start statutory force pooling procedures concerning your interest. Please make your election below and return to the undersigned at the letterhead address.

If you have any further questions regarding this proposal please contact me at 214-368-6100 or by email at [kpaxton@sundownenergy.com](mailto:kpaxton@sundownenergy.com). Again, please return an executed Ratification and Joinder of Unit Agreement and Unit Operating Agreement and the election page attached to this letter.

RECEIVED MAR 12 2013

Sincerely,

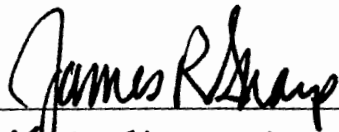
FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

**James R. Sharp**  
**Attorney-in-fact**

Owner Signature: \_\_\_\_\_



Owner Name/Company \_\_\_\_\_

*dw* Kirby Minerals, an Oklahoma general partnership

Owner Address \_\_\_\_\_

101 N. Robinson Ave., Ste. 1000

Owner Phone # \_\_\_\_\_

Oklahoma City, OK 73102 (405) 516-7600

Owner Email \_\_\_\_\_

jbritten@maproyalty.com

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

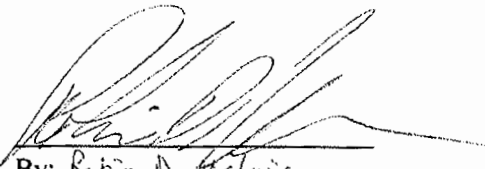
RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 1<sup>st</sup> day of March, 2013.

  
By: Robin D. McGuire  
Its: VP Land & General Counsel

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

(corporation acknowledgment form)

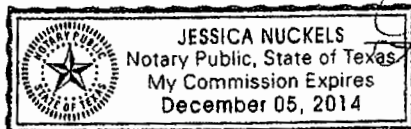
STATE OF Texas

COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared Robin D. McGuire, who, as VP + General Counsel of Fortune Natural Resources, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this 1<sup>st</sup> day of March, 2013.

(SEAL)



Jessica Nuckels  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

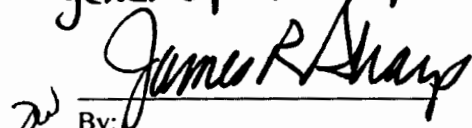
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This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 14 day of March, 2013.

*Kirby Minerals, an Oklahoma  
general partnership*  
  
By: \_\_\_\_\_  
Its: **James R. Sharp**  
**Attorney-in-fact**

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

(corporation acknowledgment form)

STATE OF Oklahoma  
COUNTY OF Oklahoma

BEFORE ME, the undersigned authority, on this day personally appeared James R. Sharp, who, as Attorney-in-fact of Kirby Minerals, an OK gen partnership, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this 14 day of March, 2013.

(SEAL)

Jamie Britten  
NOTARY PUBLIC

My commission expires: 1/27/14



RECEIVED

MAR 25 2013

**FORTUNE NATURAL RESOURCES CORPORATION** LAND DEPT.

March 2, 2013

**Gene F. Lang & CO.  
PO BOX 850  
Parker, CO 80138**

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

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If you have any further questions regarding this proposal please contact me at 214-368-6100 or by email at [kpaxton@sundownenergy.com](mailto:kpaxton@sundownenergy.com). Again, please return an executed Ratification and Joinder of Unit Agreement and Unit Operating Agreement and the election page attached to this letter.

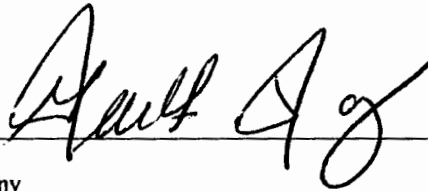
Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: \_\_\_\_\_



Owner Name/Company \_\_\_\_\_

Owner Address \_\_\_\_\_

Owner Phone #

(303) 790-2470

Owner Email

gene@gflassociates.com

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240



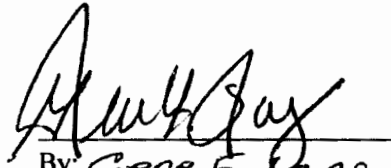
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This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 21<sup>st</sup> day of March 2013.

  
By: Gene F. Lang  
Its: president

(individual acknowledgment form)

STATE OF Colorado

COUNTY OF Douglas

BEFORE ME, the undersigned authority, on this day personally appeared GENE F. LANG who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this 21<sup>st</sup> day of March, 2013.

(SEAL)

Brenda S. Pierce

NOTARY PUBLIC

My commission expires: 05/06/2013.



(corporation acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_

NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

**RECEIVED**

**MAR 18 2013**

**LAND DEPT.**

**FORTUNE NATURAL RESOURCES CORPORATION**

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March 2, 2013

**Mumford & Company  
502 Rawhide  
Horseshoe Bay, TX 78657**

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

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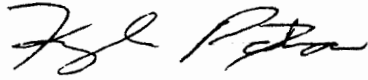
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Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: \_\_\_\_\_

Owner Name/Company \_\_\_\_\_

Owner Address \_\_\_\_\_

Owner Phone # \_\_\_\_\_

Owner Email \_\_\_\_\_

*Jean Mumford*

*Jean Mumford / Mumford + Co*

*502 Rawhide Horseshoe Bay, TX 78657*

*830-596-1785; 512-925-5850*

*mumford\_susan@yahoo.com*

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

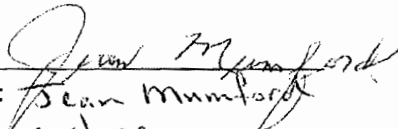
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This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 14<sup>th</sup> day of March 2013.

By:   
Its: partner

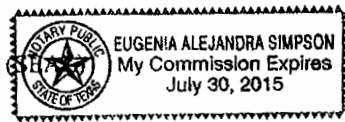
(individual acknowledgment form)

STATE OF Texas

COUNTY OF Burnet

BEFORE ME, the undersigned authority, on this day personally appeared Jean Mumbord who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this 14 day of March, 2013.



Eugenia A. Simpson

NOTARY PUBLIC

My commission expires: July 30, 2015

(corporation acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_

NOTARY PUBLIC

My commission expires: \_\_\_\_\_

# FORTUNE NATURAL RESOURCES CORPORATION

RECEIVED  
MAR 18 2013  
LAND DEPT.

March 2, 2013

David T Holt  
PO BOX 680997  
Franklin, TN 37068

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

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If you have any further questions regarding this proposal please contact me at 214-368-6100 or by email at [kpaxton@sundownenergy.com](mailto:kpaxton@sundownenergy.com). Again, please return an executed Ratification and Joinder of Unit Agreement and Unit Operating Agreement and the election page attached to this letter.

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EXECUTED this 1<sup>st</sup> day of March, 2013.



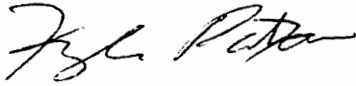
By: Robin D. McBuire

Its: VP Land & General Counsel



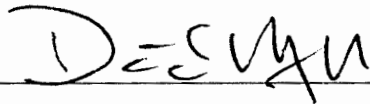
Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: \_\_\_\_\_



Owner Name/Company \_\_\_\_\_

SELF

Owner Address \_\_\_\_\_

P.O. Box 680997

Owner Phone # \_\_\_\_\_

615-945-9090

Owner Email \_\_\_\_\_

dholt@holtco.com

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

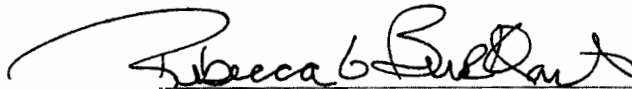
(individual acknowledgment form)

STATE OF Tennessee  
COUNTY OF Williamson

BEFORE ME, the undersigned authority, on this day personally appeared  
DAVID T. HOLT who acknowledged to me that he/she signed, executed and delivered the  
above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

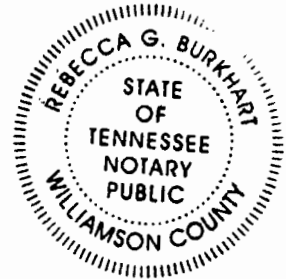
Given under my hand and seal of office this 12<sup>th</sup> day of MARCH, 2013.





NOTARY PUBLIC

My commission expires: 5-23-2016.



(corporation acknowledgment form)

STATE OF TN  
COUNTY OF Williamson

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_

NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

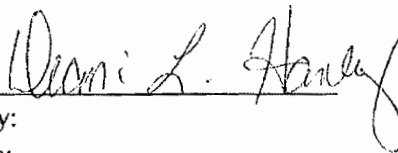
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This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 15 day of March 2013.

  
By:  
Its:

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

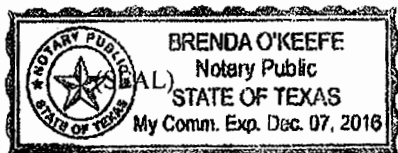
(corporation acknowledgment form)

STATE OF Texas

COUNTY OF Tarrant

BEFORE ME, the undersigned authority, on this day personally appeared Diane L. Hanley, who, as Agent of E.L. Latham Co., acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this 15<sup>th</sup> day of March, 2013.

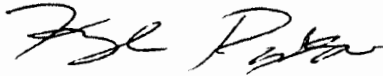


Brenda O'Keefe  
NOTARY PUBLIC

My commission expires: 12/07/2016.

Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: Dennis L. Hawley POA (attached)  
Owner Name/Company E. L. LATHAM Co  
Owner Address 1320 S. UNIVERSITY Ste 820 FT. WORTH TX  
Owner Phone # 817-332-3594 76107  
Owner Email dnhc.pa@slrglobal.net

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention: \_\_\_\_\_

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

**RATIFICATION AND JOINDER OF UNIT AGREEMENT**  
**AND UNIT OPERATING AGREEMENT**

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 8 day of March 2013.

BURNETT PARTNERS



By: GENERAL PARTNER

Its:

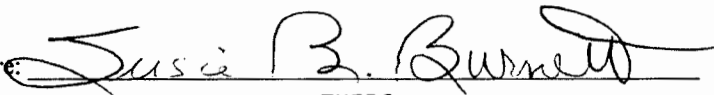
Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: \_\_\_\_\_



Owner Name/Company \_\_\_\_\_

BURNETT PARTNERS

Owner Address \_\_\_\_\_

P.O. BOX 50474, MIDLAND, TX 79710

Owner Phone # \_\_\_\_\_

Owner Email \_\_\_\_\_

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

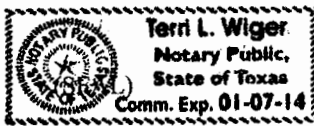
(individual acknowledgment form)

STATE OF Texas

COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared James B. Burnett who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this 8<sup>th</sup> day of March, 2013.



Terri L. Wiger

NOTARY PUBLIC

My commission expires: 1-7-14.

(corporation acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_

NOTARY PUBLIC

My commission expires: \_\_\_\_\_.



Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: 

Owner Name/Company W. L. King Tr

Owner Address 10 Box 2014 Roswell, NM 88202

Owner Phone # 575 623 4735

Owner Email By R-McRAY Oil.com

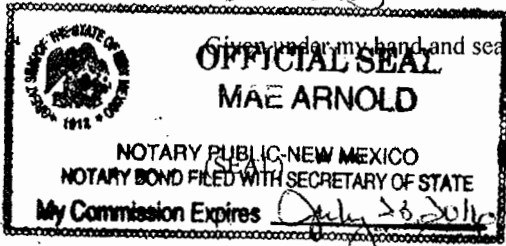
Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

(individual acknowledgment form)

STATE OF New Mexico  
COUNTY OF Chaves

BEFORE ME, the undersigned authority, on this day personally appeared Roy McVay who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.



Given under my hand and seal of office this 27 day of March, 2013.

Mae Arnold

NOTARY PUBLIC

My commission expires: July 23, 2014

(corporation acknowledgment form)

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_

NOTARY PUBLIC

My commission expires: \_\_\_\_\_

RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 26 day of June, 2013.

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

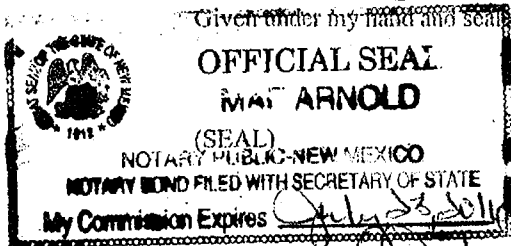
Its: John

(individual acknowledgment form)

STATE OF New Mexico  
COUNTY OF Chaves

BEFORE ME, the undersigned authority, on this day personally appeared Royce Hays who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this 27 day of March, 2013.



My commission expires: July 23, 2016

Mae Arnold  
NOTARY PUBLIC

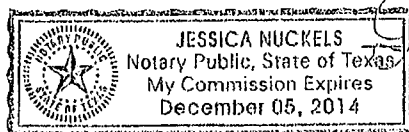
(corporation acknowledgment form)

STATE OF Texas  
COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared Brian D. McGuire, who, as VP & General Counsel of Fortune Natural Resources, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this 1<sup>st</sup> day of March, 2013.

(SEAL)



My commission expires: \_\_\_\_\_

Jessica Nuckels  
NOTARY PUBLIC

# FORTUNE NATURAL RESOURCES CORPORATION

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March 2, 2013

**Blue Hole Investments  
C/O Heidi Knight  
1701 River Run Road, Suite 1011  
Fort Worth, TX 76107**

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

1. Unit Agreement (for your review)
2. Unit Operating Agreement (for your review)
3. Ratification and Joinder of Unit Agreement and Unit Operating Agreement (sign, have notarized and return)
4. Plan of Operations

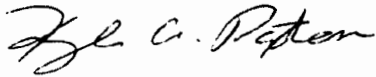
Please review the Plan of Operations page for a detailed review of the waterflood. This secondary recovery project will be flooding the San Andres formation. Sundown/FNRC plans to spend \$1,295,000 initially on this project. We believe we will be able to recover 268,000 bbls of secondary reserves over the life of the flood and have an estimated project payout in approximately two years. Since you are only an Overriding Royalty Interest Owner, you will only be receiving your proportionate share of the revenues. No costs will be allocated to your interest. The production of the current wells in this area are barely holding the leases. This secondary waterflood project will extend the life of the leases and your overriding royalty interest.

Sundown/FNRC is scheduled to go to a hearing to unitize the subject lands in May of 2013. Your timely response to this letter is extremely important and we request that you respond as soon as possible so we can start the unitization process. Please be aware that if you do not return this letter within 30 days of receipt we will start statutory force pooling procedures concerning your interest. Please make your election below and return to the undersigned at the letterhead address.

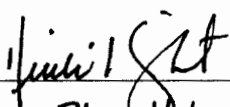
If you have any further questions regarding this proposal please contact me at 214-368-6100 or by email at [kpaxton@sundownenergy.com](mailto:kpaxton@sundownenergy.com). Again, please return an executed Ratification and Joinder of Unit Agreement and Unit Operating Agreement and the election page attached to this letter.

Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature:   
Owner Name/Company Blue Hole Investments LLC  
Owner Address 1701 River Run Rd, Suite 1011 Ft. Worth TX 76107  
Owner Phone # 817.878.5711  
Owner Email hknight@knightfinancial.com

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240

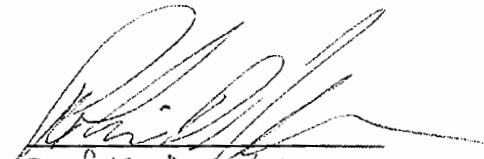
RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 1<sup>st</sup> day of March, 2013.

  
By: Robin D. McBuire  
Its: VP Land & General Counsel

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

(corporation acknowledgment form)

STATE OF Texas

COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared Robin D. McGuire, who, as VP + General Counsel of Fortune Natural Resources, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

Given under my hand and seal of office this 1<sup>st</sup> day of March, 2013.

(SEAL)



Jessica Nuckels  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.



RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this 25<sup>th</sup> day of March 2013.

Blue Hole Investments LLC  
By: [Signature]  
Its: Manager

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

(corporation acknowledgment form)

STATE OF Texas  
COUNTY OF Tarrant

BEFORE ME, the undersigned authority, on this day personally appeared Jennifer Myers, who, as \_\_\_\_\_ of \_\_\_\_\_, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

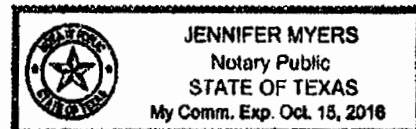
Given under my hand and seal of office this 26th day of March, 2013.

(SEAL)

Jennifer Myers

NOTARY PUBLIC

My commission expires: October 15, 2016.



**RECEIVED**  
MAR 7 - 2013  
BY: \_\_\_\_\_

## **FORTUNE NATURAL RESOURCES CORPORATION**

---

March 2, 2013

**Crescent Porter Hale Foundation  
655 Redwood Highway, Suite 301  
Mill Valley, CA 94941**

Re: Bobbi State Waterflood Unit  
All Section 20, N/2 Section 29, NW/4 Section 28, 18S-36E  
Lea County, New Mexico

Ladies and Gentlemen:

A recent title opinion performed on the above referenced acreage shows that you are an owner of a percentage of the Overriding Royalty Interest or Title Interest in said acreage. Fortune Natural Resources Corporation ("FNRC") hereby proposes to form a secondary waterflood unit in the above subject lands. Sundown Energy LP, an entity of FNRC will be the operator of the proposed waterflood unit, and is moving forward with unitization proceedings with the New Mexico Oil Conservation Division. Enclosed in this packet you will find the following:

1. Unit Agreement (for your review)
2. Unit Operating Agreement (for your review)
3. Ratification and Joinder of Unit Agreement and Unit Operating Agreement (sign, have notarized and return)
4. Plan of Operations

Please review the Plan of Operations page for a detailed review of the waterflood. This secondary recovery project will be flooding the San Andres formation. Sundown/FNRC plans to spend \$1,295,000 initially on this project. We believe we will be able to recover 268,000 bbls of secondary reserves over the life of the flood and have an estimated project payout in approximately two years. Since you are only an Overriding Royalty Interest Owner, you will only be receiving your proportionate share of the revenues. No costs will be allocated to your interest. The production of the current wells in this area are barely holding the leases. This secondary waterflood project will extend the life of the leases and your overriding royalty interest.

Sundown/FNRC is scheduled to go to a hearing to unitize the subject lands in May of 2013. Your timely response to this letter is extremely important and we request that you respond as soon as possible so we can start the unitization process. Please be aware that if you do not return this letter within 30 days of receipt we will start statutory force pooling procedures concerning your interest. Please make your election below and return to the undersigned at the letterhead address.

If you have any further questions regarding this proposal please contact me at 214-368-6100 or by email at [kpaxton@sundownenergy.com](mailto:kpaxton@sundownenergy.com). Again, please return an executed Ratification and Joinder of Unit Agreement and Unit Operating Agreement and the election page attached to this letter.

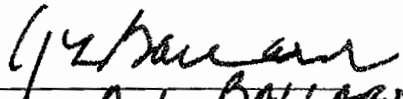
RATIFICATION AND JOINDER OF UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the development and operation of the Bobbi State Waterflood Unit Area, County of Lea, State of New Mexico dated May 2, 2013, and in consideration of the execution or ratification by other working interest owners of the Unit Operating Agreement which relates to said Unit Agreement, the undersigned hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Unit Operating Agreement as fully as though the undersigned had executed the original instrument.

The Ratification and Joinder shall be effective as to the undersigned's interest in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substance, covering any lands within the Unit Area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder shall be binding upon the undersigned, its heirs, devisees, assignees or successors in interest.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

  
By: A.L. BALLARD

Its: Director

Crescent Parker Hale  
Foundation

(individual acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ who acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

(SEAL)

\_\_\_\_\_  
NOTARY PUBLIC

My commission expires: \_\_\_\_\_.

(corporation acknowledgment form)

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared P. I. Ballard, who, as Director of Crescent Peter Hale Foundation, acknowledged to me that he/she signed, executed and delivered the above and foregoing approval of Ratification and Joinder of Unit Agreement and Unit Operating Agreement for and on behalf of said corporation with full authority so to do.

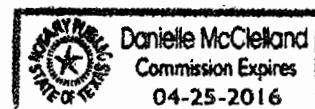
Given under my hand and seal of office this 1<sup>st</sup> day of April, 2013.

(SEAL)

Danielle McClelland

NOTARY PUBLIC

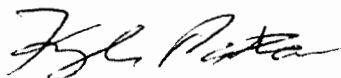
My commission expires: 4/25/2016.



RECEIVED  
APR 04 2013  
LAND DEPT

Sincerely,

FORTUNE NATURAL RESOURCES CORPORATION



Kyle A. Paxton, RPL  
Landman

Owner Signature: \_\_\_\_\_

Owner Name/Company \_\_\_\_\_

Owner Address \_\_\_\_\_

Owner Phone # \_\_\_\_\_

Owner Email \_\_\_\_\_

*(12) Ballard*

*Director*

*Crescent Porter Foundation*

*(719) 651-0181*

*ALD @ BALLARD EXEC. COM*

Please return the above election and Ratification of Unit Agreement and Operating Agreement to my attention:

Fortune Natural Resources Corporation  
Attn: Kyle Paxton  
13455 Noel Road, Suite 2000  
Dallas, TX 75240