

IN THE COURT OF COMMON PLEAS OF MERCER COUNTY,
PENNSYLVANIA

JEFFRY S. VODENICHAR, DAVID
M. KING, JR. and LEIGH V. KING,
husband and wife, JOSEPH B. DAVIS
and LAUREN E. DAVIS, husband and
wife, GROVE CITY COUNTRY
CLUB, and RICHARD
BROADHEAD, individually and on
behalf of all those similarly situated,

Plaintiffs

v.

HALCÓN ENERGY PROPERTIES,
INC., MORASCYZK &
POLOCHAK, and CO-EXPRISE,
INC., d/b/a CX-Energy,

Defendants

JURY TRIAL DEMANDED

CIVIL DIVISION

No. 2013-512

Type of Case:

CLASS ACTION – CONTRACT

Type of Pleading:

CLASS ACTION COMPLAINT

Filed on behalf of Plaintiffs.

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Mercer County, ss

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Certified from the Record to
be a full and true copy.

Ruth A. Bice
PROTHONOTARY

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IN THE COURT OF COMMON PLEAS OF MERCER COUNTY, PENNSYLVANIA

JEFFRY S. VODENICHAR, DAVID M.	:	
KING, JR. and LEIGH V. KING, husband	:	
and wife, JOSEPH B. DAVIS and LAUREN	:	
E. DAVIS, husband and wife, GROVE CITY	:	
COUNTRY CLUB, and RICHARD	:	
BROADHEAD, individually and on behalf	:	
of all those similarly situated,	:	
	:	
Plaintiffs,	:	No.
	:	
v.	:	
	:	
HALCÓN ENERGY PROPERTIES, INC.,	:	
MORASCYRK & POLOCHAK, and	:	
CO-EXPRIZE, INC., d/b/a CX-Energy,	:	
	:	
Defendants.	:	

CLASS ACTION COMPLAINT

Plaintiffs Jeffry S. Vodenichar, David M. King, Jr., Leigh V. King, Joseph B. Davis, Lauren E. Davis, Grove City Country Club, and Richard Broadhead, individually and on behalf of all persons similarly situated, by their undersigned counsel, file this Class Action Complaint against defendant Halcón Energy Properties, Inc. (“Halcón” or “Halcón Energy Properties”), Morascyzk & Polochak (“M&P”), and Co-eXprise, Inc., d/b/a CX-Energy (“CX” or “CX-Energy”), and in support thereof allege upon personal knowledge or upon information and belief as follows:

INTRODUCTION

1. Halcón Energy Properties in 2012 sought to acquire oil and gas rights in Mercer County, Pennsylvania and Eastern Ohio. In June 2012, Halcón entered into a binding contract

under which it agreed to lease up to 60,000 acres of oil and gas rights from landowners in Mercer County. Halcón agreed to pay Mercer County landowners \$3,850 per acre as well as an 18.5% royalty payment. Halcón, however, wrongfully and without justification repudiated its agreement and refused to pay bonus amounts that were owed under gas leases for more than 1,700 parcels of land that encompassed more than 24,000 acres of Mercer County. Plaintiffs seek to recover, individually and for all those similarly situated, all amounts that Halcón owes but failed to pay. In addition to seeking recovery of damages and other relief from Halcón, plaintiffs seek a declaratory judgment establishing whether CX-Energy and M&P are entitled to certain transaction fees from plaintiffs' recoveries on their claims against Halcón. Finally, plaintiffs also seek alternatively to recover damages from CX-Energy and M&P if Halcón evades liability because of the actions of CX-Energy or M&P.

THE PARTIES

2. Plaintiff Jeffrey S. Vodenichar ("Vodenichar") is a citizen of Pennsylvania who resides in Butler, Pennsylvania. Mr. Vodenichar owns approximately 275 acres of land in New Vernon Township, Mercer County, Pennsylvania, including: (i) 80.41 acres of land known as Parcel Number 19 075 019 in New Vernon Township as described in the deed recorded in Book 2006, Page 14156 of the Mercer County Recorder of Deeds Office; (ii) 60.9 acres of land known as Parcel Number 19 074 041 in New Vernon Township as described in the deed recorded in Book 2006, Page 2316 of the Mercer County Recorder of Deeds Office; (iii) 100 acres of land known as Parcel Number 19 062 023 002 in New Vernon Township as described in the deed recorded in Book 2006, Page 2316 of the Mercer County Recorder of Deeds Office; and (iv) 34.4 acres of land known as Parcel Number 19 062 023 in New Vernon Township as described in the deed recorded

in Book 2005, Page 11482 of the Mercer County Recorder of Deeds Office (collectively, the “Vodenichar Parcels”). Mr. Vodenichar owns all relevant oil and gas rights associated with the Vodenichar Parcels.

3. Plaintiffs David M. King, Jr. and Leigh V. King, husband and wife (the “Kings”), are citizens of Pennsylvania who reside at Sandy Lake, Mercer County, Pennsylvania. The Kings own approximately 63.34 acres of land known as Parcel Number 19 062 024 in New Vernon Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2005, Page 10768 of the Mercer County Recorder of Deeds Office (the “King Parcel”). The Kings own all relevant oil and gas rights associated with the King Parcel.

4. Plaintiffs Joseph B. Davis and Lauren E. Davis, husband and wife (the “Davises”), are citizens of Pennsylvania who reside in Stoneboro, Pennsylvania. The Davises own approximately 7.5 acres of land known as Parcel Number 19 074 041 005 in New Vernon Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2005, Page 7081 of the Mercer County Recorder of Deeds Office (the “Davis Parcel”). The Davises own all relevant oil and gas rights associated with the Davis Parcel.

5. Plaintiff Grove City Country Club (“Grove City CC”) is a citizen of the Commonwealth of Pennsylvania with its principal place of business at 73 Country Club Road, Grove City, PA 16127. Grove City CC owns approximately 215.5 acres of land known as Parcel Number 22 218 014 in Pine Township, Mercer County, Pennsylvania (the “Grove City CC Parcel”). Grove City CC owns all relevant oil and gas rights associated within the Grove City CC Parcel.

6. Plaintiff Richard Broadhead is a citizen of Pennsylvania whose address is P.O. Box

137, Polk, PA 16342. Mr. Broadhead owns approximately 32.5 acres of land known as Parcel Number 26 115 035 in Sandy Lake Township, Mercer County, Pennsylvania, as described in the deed recorded in Book 2004, Page 17523 of the Mercer County Recorder of Deeds Office (the "Broadhead Parcel"). Mr. Broadhead owns all relevant oil and gas rights associated with the Broadhead Parcel.

7. Defendant Halcón Energy Properties, Inc. is a corporation organized and existing pursuant to the laws of the State of Delaware. Its principal place of business and headquarters is located at 1000 Louisiana Street, Suite 6700, Houston, Texas 77002.

8. Defendant Morascyzk and Polochak is, upon information and belief, a partnership with offices at Suite 200, 1371 Washington Pike, Bridgeville, Pennsylvania, which at various times provided services to plaintiffs and those similarly situated as more particularly set forth herein.

9. Defendant Co-eXprise, Inc. is a corporation whose principal place of business is located at Suite 300, 6021 Wallace Road Ext., Wexford, Pennsylvania. CX-Energy represents landowners and markets the landowners' oil and gas rights to gas and energy companies.

10. Venue is proper in this Court because the individual and representative plaintiffs are residents of Mercer County, Pennsylvania, and the events at issue arose in and relate to real property located in Mercer County, Pennsylvania.

EVENTS GIVING RISE TO THE CLAIMS

11. Landowners in Pennsylvania normally own valuable oil and gas rights associated with their property. CX-Energy and M&P have joined together to market landowners' oil and gas interests to oil and gas companies or other entities.

12. Large tracts of contiguous or nearby parcels of land are generally more attractive to

oil and gas companies than individual smaller parcels of land. Accordingly, CX Energy and M&P believed that landowners could obtain oil and gas leases with higher bonus payments, higher royalty rates, and more attractive terms by offering oil and gas rights as a group to oil and gas and energy companies.

13. In order to form a bargaining group for Mercer County landowners, CX-Energy and M&P in 2012 solicited and entered into individual contracts with thousands of landowners in Mercer County, Pennsylvania, who they designated as the “Mt. Jackson 4 – Stoneboro Group” (such landowners are variously referred to as the “Mt. Jackson IV Landowner Group,” the “Mt. Jackson Group 4 Landowners,” the “Mt. Jackson Group,” or similar terms).

14. CX-Energy and M&P entered into contracts known as Landowner MarketPlace Agreements (“LMAs”) with landowners. CX-Energy and M&P expected to earn a “transaction fee” when the lessee-gas company paid a bonus under an oil and gas lease to a landowner who had signed an LMA. Such a transaction fee was to be deducted from the landowner’s bonus payment and paid directly to CX-Energy and M&P by the gas company. As described below, under the LMAs, CX-Energy and M&P acted as agents for landowners who entered the LMAs.

15. Mr. Vodenichar entered into an LMA with CX-Energy and M&P in June, 2012. Under Mr. Vodenichar’s LMA, CX-Energy and M&P agreed to market Mr. Vodenichar’s oil and gas rights to gas companies to secure acceptable price and lease terms for his parcels of land. M&P, under the LMA, agreed to prepare all applicable lease documents. Those lease documents were, in fact, standard form documents that applied to the landowners in the Mt. Jackson IV Landowner Group. Mr. Vodenichar, in turn, granted to CX-Energy and M&P the exclusive right to accept price proposals from potential lessees for a defined period of time and to negotiate on his

behalf. Mr. Vodenichar agreed to execute an oil and gas lease if CX-Energy and M&P negotiated a lease that (i) paid a bonus payment of \$3,500 or more per acre, (ii) had a royalty payment of 17.5% or more, and (iii) had mutually-agreed upon lease terms, all of which conditions were satisfied with respect to Halcón, as set forth more fully below. Under the LMA, CX-Energy and M&P were to receive a transaction fee equal to 8% of the bonus payment that the lessee company was to pay him. A true and correct copy of Mr. Vodenichar's LMA is attached as Exhibit 1 and incorporated herein.

16. Approximately 3,000 Mercer County landowners, including Mr. Vodenichar, the Kings, the Davises, Grove City CC, and Mr. Broadhead also engaged CX-Energy and M&P in 2012 to represent them in connection with leasing their oil and gas rights on acceptable terms. The Kings, the Davises, Grove City CC, Mr. Broadhead and the other Mercer County landowners executed LMAs that were virtually identical to Mr. Vodenichar's LMA which is attached as Exhibit 1. The LMAs differed only as to the identity of the landowner, the property description, and, in some instances, the amount of the transaction fee. As with Mr. Vodenichar, such LMAs granted to CX-Energy and M&P the exclusive right to negotiate with and accept price proposals from potential lessees for a defined period of time and required the landowners to execute an oil and gas lease if — as in fact occurred with Halcón — CX-Energy and M&P negotiated a gas lease that paid a bonus payment of more than \$3,500 per acre, a royalty payment of 17.5% or more, and mutually-agreed upon lease terms.

17. Each of the LMA's entered between CX-Energy, M&P and plaintiffs or other class member landowners included an attachment designated as Exhibit A, which identified the specific parcels of real estate owned by the individual landowner and which were subject to the LMA.

The Mercer County landowners who executed LMAs with CX-Energy and M&P were a specifically defined geographical group. Only Mercer County landowners who entered into LMAs with CX-Energy and M&P were members of the Mt. Jackson IV Landowner Group.

18. CX-Energy and M&P marketed the oil and gas rights of plaintiffs and the class members and attempted to find a company that would lease those oil and gas rights. After various marketing efforts and negotiations, Halcón, on or about June 2, 2012, entered into a so-called “Letter of Intent” (the “Halcón Agreement”) with CX-Energy and M&P which were acting on behalf of and as agents for members of the Mt. Jackson IV Landowner Group.

19. Under the Halcón Agreement, Halcón contracted to lease up to 60,000 acres of oil and gas rights from Mercer County landowners who entered into LMAs with CX Energy and M&P and submitted executed oil and gas leases and other required documents by June 30, 2012, as further described below. A copy of the Halcón Agreement, as produced by Halcón, is attached hereto as Exhibit 2. Plaintiffs, at this time, are without knowledge as to the authenticity of the attachments to the Halcón Agreement.

20. Under the terms of the Halcón Agreement, Halcón agreed to enter into an oil and gas lease with every member of the Mt. Jackson Group who submitted specified documents on a timely basis. More specifically:

(a) After negotiating with CX-Energy and M&P, Halcón prepared a standard form “Oil and Gas Lease, Paid-Up Lease” (hereinafter “Form Lease”) an “Order for Payment”, and a “Memorandum of Lease” which were to be executed and returned by landowners in the Mt. Jackson Group. The Form Lease explicitly stated that it “was prepared by ... Halcón Energy Properties, Inc.”

(b) Under the terms of the Halcón Agreement and the Form Lease and Order for Payment that Halcón negotiated and prepared, Halcón agreed to pay each Mt. Jackson Group landowner \$3,850 per acre as a “bonus” payment together with an 18.5% royalty.

(c) Each member of the Mt. Jackson Group was to execute an Order for Payment, the Form Lease and Memorandum of Lease, and other documents, and Halcón agreed to accept each Form Lease subject to the delivery and confirmation of marketable title. As set forth more explicitly in the Halcón Agreement, Halcón could refuse to lease the oil and gas rights of a member of the Mt. Jackson Group only if there was a specified deficiency, such as a title defect or an adverse environmental claim.

(d) Halcón knew and agreed that it had no discretionary right to refuse to lease a class member’s oil and gas rights. Halcón could reject a lease only for reasons specified in the Halcón Agreement, that is, for a title defect or an “other defect” as defined in Paragraph 10 of the Agreement and only within the time frame set forth in the Halcón Agreement.

(e) CX-Energy and M&P agreed to conduct at least one three-day opportunity for members of the Mt. Jackson Group to execute the Form Lease, Memorandum of Lease and other required documents in or substantially in the form that Halcón had approved or to which it had agreed. Halcón also agreed to pay the expenses associated with such meetings and mass signings opportunities.

(f) Halcón agreed to enter into oil and gas leases with each class member who submitted the form documents by June 30, 2012, or as extended. However, Halcón was not required to lease more than 60,000 acres of oil and gas rights under the Halcón

Agreement.

(g) Halcón had 90 business days from June 30, 2012, to complete its title and “other Defect” review. It then had to provide within 3 days a summary of: (i) the properties for which Halcón did not intend to assert any title defect or “other Defects;” (ii) the properties for which it elected to assert title defects or “other Defects;” and (iii) those properties for which it required additional time to complete its review. Halcón also had to provide information that identified a property’s purported title defect or “other Defect.” Halcón had to make prompt payment under the leases unless a title defect or “other Defect” as defined in the Halcón Agreement existed with respect to a specified property. If Halcón asserted that a title defect existed with respect to a specified property, the landowner, CX-Energy and M&P had 6 months to cure any such defect.

21. The terms of the Halcón Agreement applied both to the members of the Mt. Jackson Group who had already executed LMAs as well as to persons within the defined group who thereafter executed LMAs within a defined period of time. Under the Halcón Agreement, every Mt. Jackson Group IV member with oil and gas rights to lease who executed an LMA by June 30, 2012, was guaranteed to receive an oil and gas lease with Halcón paying a \$3,850 per acre bonus payment and an 18.5% royalty unless that person had a title defect or other specific “other Defects” that Halcón identified within the relevant time period.

22. As described below, Halcón did not comply with those provisions. Although it rejected a huge number of landowners’ oil and gas leases, it did not reject such leases based on specific title defects or “other Defects” as defined in the Halcón Agreement. Halcón did not identify title defects or “other Defects” with respect to specific properties, and it failed to provide

information that identified any such purported defects so that they could be cured. In the vast majority of instances, Halcón did not conduct any due diligence review of the properties owned by plaintiffs and the class.

23. As described more fully below, Halcón refused to pay amounts due under the landowners' oil and gas leases, not because of "title defects" or "other Defects," but rather because Halcón changed its business strategy and made a business decision that it would not acquire the amount of acreage it previously agreed to acquire and that it would acquire oil and gas rights only within particular discrete boroughs, townships and communities within Mercer County.

24. In June 2012, Mr. Vodenichar submitted an offer letter, a Form Lease, an Order for Payment and a Memorandum of Lease for approximately 275 acres of land that he owned in Mercer County, Pennsylvania, all in the form drafted and prepared or approved by Halcón. He also executed and submitted an IRS Form W-9 and a Limited Power of Attorney. A true and correct (redacted) copy of each of such documents is attached as Exhibit 3 with the exception that the word "VOID" which appears on various pages of Exhibit 3 was not on such pages when they were executed and submitted by Mr. Vodenichar. Rather, that word was subsequently and improperly placed on the documents by defendant Halcón.

25. Under the terms of the Halcón Agreement, Halcón committed to enter into an oil and gas lease with Mr. Vodenichar under which he was to receive a bonus payment of approximately \$974,050.00 and royalty payments of 18.5%. Such bonus payment amount was after deduction of a transaction fee of \$84,700 allegedly payable to CX-Energy and M&P.

26. The Kings, the Davises, Grove City CC, Mr. Broadhead and all other class members executed and submitted substantially identical Form Leases, Orders for Payment, Memoranda of

Lease and related documents to Halcón on a timely basis, that is, on or before June 30, 2012.

27. Once Mr. Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead and the class members submitted the required lease documents to Halcón on a timely basis, Halcón became legally obligated to pay the bonus payment amounts called for in the Orders for Payment and the Form Leases, except where Halcón gave timely notice of a title defect or “other defect” as defined in the Halcón Agreement and such defect could not thereafter be cured within the appropriate time period.

28. In addition to agreeing to lease up to 60,000 acres of gas rights in Mercer County, Halcón also sought to acquire through a bidding process certain oil and gas rights in Mercer County from another energy company known as Vista. However, after Halcón entered into the Halcón Agreement, Vista accepted another, higher bid and transferred its oil and gas rights to another gas company, leaving Halcón without the Vista oil and gas rights. The loss of the Vista oil and gas rights made acquisition of certain of the other Mercer County oil and gas rights less attractive to Halcón.

29. In or about early September 2012, Halcón abandoned its plan to explore and develop oil and gas rights throughout Mercer County. Instead, it decided to lease oil and gas rights only in selected boroughs and townships. Halcón announced that it would reject oil and gas leases and its related commitments for roughly one-half of the members of the Mt. Jackson Group.

30. Halcón informed CX Energy and M&P that it would reject – and it in fact rejected – all leases submitted by class members for properties in Farrell, Hermitage, Sharon, Clark, Grove City, Jackson Center, Mercer, New Lebanon, Sharpville, West Middlesex, Wheatland, Coolspring

Township, Deer Creek Township, Delaware Township, East Lackawannock Township, Findley Township, French Creek Township, Jackson Township, Jefferson Township, Lackawannock Township, Lake Township, Liberty Township, Mill Creek Township, New Vernon Township, Pine Township, Pymatuning Township, Shenango Township, Springfield Township, Wilmington Township, Wolf Creek Township and Worth Township -- all in Mercer County, Pennsylvania.

31. Halcón stated in early September 2012 that it intended to honor its commitments to the members of the Mt. Jackson Group whose properties were in Fredonia, Greenville, Jamestown Borough, Sandy Lake Borough, Sheakleyville Borough, Stoneboro Borough, Fairview Township, Greene Township, Hempfield Township, Otter Creek Township, Perry Township, Salem Township, Sandy Creek Township, Sandy Lake Township, South Pymatuning Township, or West Salem Township. Upon information and belief, Halcón has disavowed or intends in the future to disavow its duty to enter some portion of leases in those geographic areas as well.

32. Halcón rejected and repudiated its obligations under the Halcón Agreement. It marked "VOID" and returned to CX-Energy and M&P the Form Leases, the Orders for Payment and the Memoranda of Lease for Mr. Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead and the other class members who have land in Mercer County, Pennsylvania in Farrell, Hermitage, Sharon, Clark, Grove City, Jackson Center, Mercer, New Lebanon, Sharpville, West Middlesex, Wheatland, Coolspring Township, Deer Creek Township, Delaware Township, East Lackawannock Township, Findley Township, French Creek Township, Jackson Township, Jefferson Township, Lackawannock Township, Lake Township, Liberty Township, Mill Creek Township, New Vernon Township, Pine Township, Pymatuning Township, Shenango Township, Springfield Township, Wilmington Township, Wolf Creek Township and Worth Township. For

example, Halcón placed the word “VOID” on the applicable pages of Exhibit 3. Halcón also never performed, or ceased conducting, title due diligence as to such properties.

33. Halcón has refused to honor its obligation to enter into oil and gas leases and to pay bonus amounts of \$3,850 per acre for approximately 24,807 acres of land in Mercer County.

34. Upon information and belief, Halcón did not individually consider the title or any other permitted aspect of the oil and gas rights of plaintiffs Vodenichar, the Kings, the Davises, Grove City CC, Mr. Broadhead or the others similarly situated in connection with its refusal to pay bonus amounts to plaintiffs and those similarly situated.

35. Despite the fact that Halcón did not consider any aspect of the properties owned by plaintiffs and the class members, Halcón has improperly attempted to excuse its conduct by arguing that it was not required to pay bonus amounts because the word “geology” was supposedly “fraudulently” deleted from the Orders for Payment that the plaintiffs and those similarly situated submitted to it.

36. If and to the extent that the word “geology” was omitted from the Orders for Payment that were signed and submitted by the plaintiffs and those similarly situated, about which plaintiffs have no knowledge, then, upon information and belief, M&P and CX-Energy caused such Orders for Payment to be distributed and executed by plaintiffs and those similarly situated.

37. If and to the extent the word “geology” was omitted from the Orders for Payment that were signed and submitted by plaintiffs and those similarly situated, about which plaintiffs have no knowledge, then upon information and belief,

(a) Halcón could not reject a lease due to considerations of “geology” because under the Halcón Agreement, individual leases could be rejected only because of a title

defect or an “other Defect” as defined in Paragraph 10 of the Halcón Agreement;

(b) Halcón did not base its mass rejections of leases on considerations of “geology,” but rather it rejected the leases of plaintiffs and those similarly situated because of a change in Halcón’s business plans; and

(c) Halcón did not consider “geology” in connection with those leases which it accepted.

38. At all times relevant hereunder, plaintiffs have acted in good faith and have otherwise complied with all obligations giving rise to this lawsuit.

CLASS ACTION ALLEGATIONS

39. Plaintiffs bring this action as a class action pursuant to Pa.R.Civ.P. 1702, 1708 and 1709 on behalf of themselves and the following class:

All persons who entered into a Landowner Marketing Agreement with CX-Energy and M&P relating to property located in Mercer County, Pennsylvania, who executed and submitted an oil and gas lease and related documents to Halcon Energy Properties, Inc. on or before June 30, 2012, pursuant to the terms of the Halcon Agreement, but which oil and gas lease Halcon rejected or refused to accept. Excluded from the class are persons whose oil and gas lease Halcon rejected or refused to accept because of a title defect which Halcon specifically identified within the time period permitted under the Halcon Agreement.

40. The prerequisites to class certification under Pa.R.Civ.P. 1702 are met in that:

(A) The members of the class are so numerous that joinder of all members is impractical. Plaintiffs estimate that there are approximately 1,362 or more class members.

The precise number of class members and their identities can be ascertained from the records of Halcón, CX-Energy and M&P

(B) The representative plaintiffs’ claims raise questions of law and fact common to all

class members. Among the questions of law and fact common to the class are the following:

- (i) Whether Halcón breached the Halcón Agreement when it rejected leases from the plaintiffs and class members;
- (ii) Whether Halcón breached the Halcón Agreement when it rejected leases from the plaintiffs and class members based upon geographic location;
- (iii) Whether the plaintiffs and class members are third-party beneficiaries of the Halcón Agreement;
- (iv) Whether Halcón had any discretionary right under the Halcón Agreement to decide to enter into oil and gas leases based upon the city, borough or township in which the land was located;
- (v) Whether Halcón acted honestly and in good faith and fair dealing;
- (vi) Whether by marking plaintiffs and class members' Form Leases "VOID" and returning them to CX-Energy or M&P, or otherwise purporting to reject such Form Leases, Halcón waived any right of inspection or to object based upon any purported title defect.
- (vii) Whether Halcón is liable for failing to pay to plaintiffs and class members the bonus amounts contained in the oil and gas leases and orders for payment;
- (viii) Whether the Halcón Agreement was an offer, and that the actions of plaintiffs and class members in executing and submitting the Form Leases and other required documents oil and gas lease constituted an acceptance;
- (ix) Whether Halcón accepted in advance all oil and gas leases submitted by

class members (subject only to good title and “other Defects”) when it entered into the Halcón Agreement with CX-Energy and M&P, acting on behalf of class members;

(x) The measure of damages;

(xi) Whether CX-Energy and M&P are entitled to any portion of plaintiffs’ recovery from Halcón as a transaction fee;

(xii) Whether CX-Energy and M&P provided lease documents to plaintiffs and the class members which differed from the lease documents required by the Halcón Agreement;

(xiii) Whether any variation in the lease documents provided by CX-Energy and M&P to plaintiffs and the class members from those required by the Halcón Agreement was material and therefore permitted Halcón to refuse to perform; and

(xiv) Whether Halcón rejected oil and gas leases of plaintiffs and those similarly situated as a result of variations in the lease documents provided by CX-Energy and M&P or rather used any such variation as a subterfuge to seek to avoid its obligations to Mercer County landowners.

(C) The claims of the representative plaintiffs are typical of, if not identical, to the claims of each member of the class because the representative plaintiffs and all class members executed the same core set of documents related to their oil and gas leases with Halcón, and because all class member claims are grounded in the same Halcón Agreement. The application of legal principals and proof will be the same for all class members.

(D) The representative plaintiffs will fairly and adequately protect the interests of all

class members. They have retained competent counsel who are experienced in complex litigation, including class action litigation involving oil and gas leases, and who will prosecute this action vigorously. Representative plaintiffs will fairly and adequately assert and protect the interests of the class. They do not have any interests antagonistic to or in conflict with the class; their interests are antagonistic to the interests of the defendants; and they will vigorously pursue the claims of the class. Representative plaintiffs have adequate financial resources to vigorously pursue this action, including an agreement by their counsel to prosecute this action on a contingent basis and to advance the reasonable and necessary costs and expenses of litigation.

41. Counts I, III, IV and VI of this action may be maintained as a class action under Pa.R.Civ.P. 1708(a) because:

(A) Common questions of law and fact predominate over individual questions: The questions of law or fact common to the class members predominate over any questions affecting only individual members. The common questions set forth above in Paragraph 40(B) will affect all class members alike and predominate over any individual issues that could be present;

(B) The size of the class and the likely difficulties in managing a class action: Plaintiffs believe that there are roughly 1,362 class members, and their claims are substantially identical. This case presents no unusual management difficulties, and to the contrary, is ideally suited to class treatment. The claims involve matters of contract based on the same or virtually identical documents, and the size of the class is too large for individual litigation, but not so large as to present an obstacle to manageability as a class

action.

(C) The risks of separate actions: The prosecution of separate actions by individual members of the class would, as a practical matter, impair or impede the ability of others who are not parties to the individual actions to protect their interests, and defendants could be confronted with inconsistent standards of conduct;

(D) The nature and extent of any litigation concerning the controversy already begun by or against class members: To plaintiffs' knowledge, only one other case is pending against Halcón concerning the class members' claims, a case captioned *Vodenichar v. Halcon Energy Properties, Inc.*, No. 2:12-cv-01624 in the United States District Court for the Western District of Pennsylvania which is in the early stages of discovery and has not been certified as a class action. However, subsequent to Mr. Vodenichar commencing the federal action, (i) Halcón informed the federal court that it is going to join CX-Energy and M&P in that action, and (ii) plaintiffs now understand that CX-Energy and M&P believe they are entitled to recover their "transaction fees" out of any recovery by plaintiffs against Halcón. Plaintiffs cannot assert their claims against M&P and CX-Energy in the federal court action because the federal court lacks any jurisdiction to hear the claims because of 28 U.S.C. § 1367(b). Thus, if the federal court action were to continue, simultaneous actions in both state court and in federal court will be necessary to resolve the dispute among all parties. Thus, plaintiffs will seek dismissal of the federal court action without prejudice so that all claims arising out of Halcón's breach can be adjudicated in one action, thereby preserving judicial economy and ensuring consistent results. Thus, certification is appropriate here on the grounds of judicial economy. Absent class certification, a

significant number of additional individual claims are likely to be filed and pursued causing a burden on judicial resources;

(E) The appropriateness of this forum for resolving claims of the class: This Court is the most appropriate forum to concentrate all litigation respecting class member claims because all of the disputed oil and gas leases concern land in Mercer County, most of the class member reside in this county, and the transactions took place in whole or in part in this county. There is no better forum;

(F) Complexity and expense of separate actions: The complexity of the issues and the expenses of discovery and litigating individual claims make it likely that a substantial number of class members would not, as a practical matter, be able to prosecute their claims; and

(G) Substantial recoveries by individual class members: The damages that may be recovered by individual class members will not be so small as not to justify a class action. Upon information and belief, an average class member's claim will exceed \$50,000.

42. Counts II and V of this action, seeking declaratory relief, may be maintained as a class action under Pa.R.Civ.P. 1708(b) because all the prerequisites of Rule 1708(a)(1) through (5) are satisfied and because Halcón and the other defendants have acted or refused to act on grounds that apply generally to the class so that final declaratory relief is appropriate respecting the class as a whole.

COUNT I

(Against Halcón for breach of contract)

43. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 42 of this Complaint.

44. Under the Halcón Agreement, Halcón agreed to enter into oil and gas leases and to pay the amounts set forth in the Orders for Payment that each class member executed and tendered.

45. Halcón, CX-Energy and M&P intended that each plaintiff and each class member be a third-party beneficiary under the Halcón Agreement. Plaintiffs and each class member have either privity of contract or are third party beneficiaries of the Halcón Agreement.

46. Plaintiffs and all class members are creditor beneficiaries of the Halcón Agreement.

47. Alternatively, and additionally, in entering into the Halcón Agreement, Halcón made an offer to all class members, and under the express terms of such offer, accepted in advance all oil and gas leases tendered by class members in compliance with the terms of Halcón's offer.

48. Halcón had to perform its obligations under the Halcón Agreement in good faith and consistent with its duty of fair dealing.

49. Halcón has wrongfully and without justification repudiated its obligations under the Halcón Agreement.

50. Halcón breached its duties under the Halcón Agreement.

51. Plaintiffs and each class member incurred damages as a result of Halcón's breach.

52. Halcón waived any purported right to inspect any properties or to raise any objection related to any individual property or to the title to any particular property.

WHEREFORE, plaintiffs demand the following for themselves and the class against

defendant Halcón:

- (a) That the Court certify the class as described above;
- (b) That judgment be entered in favor of plaintiffs and the class against the defendant Halcón for all compensatory losses and damages allowed by law;
- (c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;
- (d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendant Halcón; and
- (e) Such other and further relief as is just and appropriate.

COUNT II

(Against Halcón for declaratory relief)

53. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 52 of this Complaint.

54. Halcón breached its duties to plaintiffs and the class under the Halcón Agreement.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendant Halcón:

- (a) That the Court certify the class as described above;
- (b) That this Court enter judgment in favor of plaintiffs and the class against defendant Halcón declaring that it breached its duties under the Halcón Agreement to enter into oil and gas leases,
- (c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendant Halcón; and

- (d) Such other and further relief as is just and appropriate.

COUNT III

(Against M&P and CX-Energy for breach of contract)

55. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 54 of this Complaint.

56. M&P and CX-Energy owed a duty to plaintiffs and to the class members under the LMAs to provide them with lease documents to execute that conformed to the Halcón Agreement.

57. If and to the extent that the lease documents that M&P and CX-Energy provided to plaintiffs and those similarly situated under the LMAs did not conform to those required by the Halcón Agreement and if any such change was material so that Halcón can avoid its obligations, then, upon information and belief, M&P and CX-Energy caused such change or lack of conformity, and they breached their contractual duty to plaintiffs and the class, and plaintiffs and the class have been damaged.

58. Plaintiffs assert breach of contract, breach of fiduciary duty and negligent misrepresentation claims against M&P and do not believe that they are professional liability claims. To the extent that such claims could be construed to be professional liability claims within the meaning of Pa.R.Civ.P. 1042.2(a), M&P is composed of licensed professionals (attorneys) with an office in Allegheny County, Pennsylvania.

WHEREFORE plaintiffs alternatively demand the following for themselves and the class against defendants CX-Energy and M&P:

- (a) That the Court certify the class as described above;
- (b) That judgment be entered in favor of plaintiffs and the class against the defendants

CX-Energy and M&P for all compensatory losses and damages allowed by law;

(c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;

(d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and

(e) Such other and further relief as is just and appropriate.

COUNT IV

(Against M&P and CX-Energy for breach of fiduciary duty)

59. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 58 of this Complaint.

60. M&P and CX-Energy acted as agents for plaintiffs and the members of the class in connection with the transaction with Halcón.

61. As agents, M&P and CX-Energy owed a fiduciary duty to the plaintiffs and the members of the class to provide them with lease documents to execute that conformed with the Halcón Agreement.

62. If and to the extent that the word "geology" was omitted from the Orders for Payment that plaintiffs and those similarly situated signed and submitted to Halcón and if that alleged omission was material so that Halcón can avoid its obligations, then, upon information and belief, M&P and CX-Energy caused such omission, and they breached their fiduciary duty to plaintiffs and the class, and plaintiffs and the class have been damaged.

WHEREFORE plaintiffs alternatively demand the following for themselves and the class against defendants CX-Energy and M&P:

- (a) That the Court certify the class as described above;
- (b) That judgment be entered in favor of plaintiffs and the class against the defendants CX-Energy and M&P for all compensatory losses and damages allowed by law;
- (c) An award of pre-judgment and post-judgment interest at the maximum legal rate to plaintiffs and class members on their damages;
- (d) That the Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and
- (e) Such other and further relief as is just and appropriate.

COUNT V

(Against M&P and CX-Energy for declaratory relief)

63. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 62 of this Complaint.

64. A case or controversy exists between CX-Energy and M&P on the one hand and the plaintiffs and those similarly situated on the other over whether plaintiffs and the members of the class owe any form of transaction fee under the LMAs if plaintiffs recover from Halcón and, if so, the amount of any such fee.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendants CX-Energy and M&P:

- (a) That the Court certify the class as described above;
- (b) That this Court enter judgment in favor of plaintiffs and the class against defendants CX-Energy and M&P declaring that defendants are not entitled to recover their purported transaction fees from any recovery plaintiffs obtain against Halcón,

- (c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and
- (d) Such other and further relief as is just and appropriate.

COUNT VI

(Against M&P and CX-Energy for negligent misrepresentation)

65. Plaintiffs incorporate by reference the allegations contained in Paragraphs 1 through 64 of this Complaint.

66. In or about June 2012, in an effort to cause plaintiff Vodenichar and others similarly situated to enter into LMAs and an agency relationship with CX-Energy and M&P and to enter into oil and gas leases with Halcón, defendants CX-Energy and M&P in their written communications negligently misrepresented that Halcón could refuse to enter into an oil and gas lease with an owner of land in Mercer County only if a bona fide title defect existed with respect to such land.

67. For the reasons stated herein, plaintiffs and others similarly situated deny that Halcón was legally justified in rejecting the leases of plaintiffs and those similarly situated. However and alternatively, to the extent, if any, that Halcón is permitted to avoid paying the amounts due under the leases submitted by plaintiffs and those similarly situated for reasons other than bona fide title defects or "other Defects" as defined in Paragraph 10 of the Halcón Agreement, then M&P and CX-Energy were negligent in making such written communications to plaintiffs.

68. Plaintiff Vodenichar and others similarly situated thereafter entered into LMAs with CX-Energy and M&P.

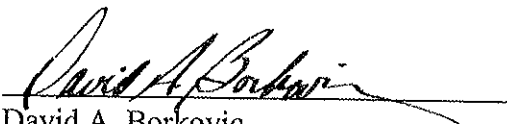
69. Plaintiff Vodenichar and others similarly situated suffered injury to the extent that CX-Energy and M&P claim any entitlement to a transaction fee.

WHEREFORE, plaintiffs demand the following for themselves and the class against defendants CX-Energy and M&P:

- (a) That the Court certify the class as described above;
- (b) That this Court enter judgment in favor of plaintiffs and the class against defendants CX-Energy and M&P declaring that defendants are not entitled to recover their purported transaction fees from plaintiffs,
- (c) That this Court award plaintiffs attorneys' fees, costs and expenses of litigation against defendants CX-Energy and M&P; and
- (d) Such other and further relief as is just and appropriate.

JURY TRIAL DEMANDED ON ALL ISSUES

Dated: February 22, 2013



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*Attorneys for the Representatives and the
Class Plaintiffs*

Of Counsel:
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Complex Law Group, LLC
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Marietta, GA 30064
(770) 200-3100
dcohen@complexlawgroup.com



Landowner MarketPlace Agreement

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties agree as follows:

The purpose of these terms and conditions (the "MarketPlace Agreement" or "Agreement") is to set forth the activities that Co-eXprise, Inc., dba CX-Energy ("CX-Energy"), and Morascyzk & Polochak, Attorneys at Law ("M&P") (collectively, "Representatives") will pursue to administer and facilitate the leasing of the oil and gas located in and under the parcels of land (the "Parcels"), defined below, to prospective Bidders/Lessees on behalf of the owner of the oil, gas, and associated hydrocarbons in the Parcels ("Owner") and to set forth the responsibilities and liability of Representatives and Owner.

1. CX-Energy agrees:

- a) To coordinate price bids from oil and gas drillers and other interested lessees (e.g., gas companies, financial institutions, and others that may be interested in obtaining mineral rights in the Parcels "Bidders") in an effort to secure an acceptable lease price and terms for the Parcels that are eligible for oil & gas/mineral rights-related property leases, including but not limited to leases that enable a lessee to access certain oil & natural gas deposits contained in the Utica and/or Marcellus Shale formation on Parcels included in Exhibit A, identified by parcel tax numbers, parcel numbers and/or lot & block numbers, as available; and
- b) to execute the "CX-Energy Process" which means one or more of the following (depending on the Owner's elections and the specifics of the project):
 - (1) CX-Energy collects required Parcel data;
 - (2) CX-Energy contacts and works with potential Bidders identified to participate in a Negotiation Event (as defined herein);
 - (3) CX-Energy develops and submits the request for quotation ("RFQ") to Bidders, manages Bidder communication regarding the RFQ, and updates the RFQ accordingly. In order for a Bidder to participate in a Negotiation Event, such Bidder must agree to abide by the terms of the RFQ and submit bids during a Negotiation Event. CX-Energy shall have no liability or responsibility for the actions of any Bidders including, without limitation, Bidders who: (i) refuse to agree to the terms of the RFQ; (ii) breach the terms of the RFQ; (iii) fail to bid on specific Parcels that are part of the CX-Energy Process; and/or (iii) refuse to participate in a particular Negotiation Event;
 - (4) CX-Energy assists Owner in defining a negotiation strategy and establishing negotiation bid parameters, but makes no guarantees that Owner will receive an agreeable result or an acceptable offer from a Bidder;
 - (5) CX-Energy provides contract negotiation support involving oil & gas lease documentation;
 - (6) During the Term (defined herein) of this MarketPlace Agreement, CX-Energy conducts one or more Negotiation Events and shall provide each approved Bidder access to a Negotiation Event. "Negotiation Event" means a defined time period and date on which bidders will submit contractible bids via an online negotiation or bids.
- c) To present Owner with an oil and gas lease form, addendum, memorandum of lease, payment order, and other pertinent lease documentation, (the "Lease Documents") and to facilitate the submission of said Lease Documents to prospective Bidders.

2. Morascyzk & Polochak agrees:

- a) To draft and prepare applicable Lease Documents on Owner's behalf, and if necessary and applicable, to draft additional lease language on Owner's behalf, and to communicate with Bidder/eventual Lessee on Owner's behalf concerning title and clerical issues in regard to said Lease Documents post-signing.
- b) Upon Owner's request, to consult with Owner and explain legal terms and issues to Owner that concerns the Lease Documents. ALL INFORMATION PRESENTED AT SEMINARS IS GENERAL LEGAL INFORMATION AND IS NOT LEGAL ADVICE. Owner is encouraged to consult with M&P or Owner's independent counsel concerning specific legal advice. M&P's representation and services are limited legal services, meaning that the services are limited to this transaction and to the Lease Documents associated with this transaction only. For additional legal services beyond the scope of this Agreement, Owner will be required to sign an additional engagement letter with M&P, or to hire another attorney. OWNER MAY AND IS ENCOURAGED TO HIRE AN INDEPENDENT ATTORNEY TO REVIEW ALL LEASE DOCUMENTS AND GIVE OWNER ADDITIONAL ADVICE.

3. Owner acknowledges and agrees:

- a) That Representatives have, and Owner hereby grants, the sole and exclusive authority and right, on behalf of Owner, to accept price bids from all Bidders, but Representatives are not in any way responsible for the obligations of Bidders regarding the Lease Agreements themselves;
- b) To refrain from negotiating with Bidders that are not communicating directly with Representatives ("Non-Participating Bidders"); to promptly forward to Representatives all bid proposals from Non-Participating Bidders, and instruct Non-Participating Bidders that Representatives have been exclusively engaged to accept bids on the Parcels;
- c) To be obligated by the terms of a lease agreement or lease agreements should multiple leases be necessary, with the successful Bidder ("Lease Agreement") that Owner executes and to abide by the terms of such Lease Agreement;
- d) To pay the "Transaction Fee" listed below to Representatives upon successful signing of a Lease Agreement, and Bonus Payment paid to Owner by the Bidder. The Transaction Fee includes fees for legal services which shall be paid to M&P, and fees for marketing and administrative services which shall be paid to CX-Energy.
- e) In the event that the CX-Energy Process results in the negotiation of a Lease Agreement with (i) a bonus payment of \$3,500 or more per acre, (ii) a royalty payment of 17.5% or more, and (iii) mutually-agreed upon lease terms, owner shall be obligated to execute such Lease Agreement.

4. Transaction Fee. For the following Parcels identified in Exhibit A or any additional Parcels that the parties agree to add to a Lease Agreement, Owner shall pay a "Transaction Fee," through the Lease Agreement with the successful Bidder, in an amount equal to eight percent (8%) of the Bonus Payment paid to the Owner by the Bidder. The payment of the Transaction Fee may be a written obligation imposed on the successful Bidder by Representatives, or paid on behalf of Owner by Bidder pursuant to terms of the Lease Agreement. In the event that while this Agreement is in effect, Owner breaches this Agreement and enters a Lease Agreement on any of the Parcels listed in Exhibit A outside of CX Energy Process, Owner will be responsible to pay the Transaction Fee pertaining to such Parcel.





5. Term. This Agreement shall be in effect and exclusive for a period of six (6) months ("Term") beginning on the Effective Date, and shall renew automatically for additional six (6) month periods unless the other party is notified in writing at least thirty (30) days prior to the expiration of the current Term. The Transaction Fee is considered earned on any Lease Agreement signed during the Term, as it will be assumed that any Lease Agreement signed during this time period was secured because of Representatives' services. In the event of any material breach of this Agreement, the non-breaching party may terminate this Agreement prior to the end of the applicable term by giving thirty (30) days prior written notice to the breaching party; provided however, that this Agreement shall not terminate if the breaching party cures the breach prior to the expiration of such thirty (30) day period.

6. General

a) Confidentiality, Intellectual Property and Use of Data. Except as otherwise provided, each party shall use the confidential information of the other parties only in furtherance of this MarketPlace Agreement and shall not transfer or otherwise disclose the confidential information of the other parties to any third party. This MarketPlace Agreement grants no rights whatsoever to Owner in the patents, copyrights, trade secrets, trademarks, service marks or other Intellectual Property rights of CX-Energy or M&P whether created prior to, during or after the performance of this MarketPlace Agreement. Notwithstanding anything to the contrary herein, Representatives shall have the right to: (i) use and disclose all data generated in connection with this Agreement to create a database that is accessible by prospective and current customers, to determine general price trends in various supply industries, to create predictive analyses useful for estimating likely market prices and for other general business purposes, including, without limitation, publication of results and named case studies, and (ii) list or otherwise identify Owner as a Owner in customer lists and other publication material.

b) Disclaimer of Warranties and Limitation of Liability. Except for any express warranties made herein, Representatives make no other warranties, express or implied, concerning the subject matter of this Agreement, including without limitation, any implied warranties of merchantability, noninfringement or fitness for a particular purpose. The value of mineral and oil and gas rights is speculative in nature and has a history of fluctuation due to the price of oil and natural gas and numerous other factors. Any opinion on the fairness of monetary offers is only an opinion, and Representatives make no predictions, guarantees or warranties that bonus payments, royalty payments, and/or the value of oil and gas interests in the future will be any greater or less than what they are now. Representatives cannot predict the future of the oil and natural gas leasing and purchasing markets. Additionally, Representatives make no guarantee, warranty, or determination on the effect that an oil and gas Lease Agreement will have on the fair market value of the property in the future, and/or Owner's ability to sell or refinance the property. Owner agrees that it releases and shall indemnify and hold harmless Representatives for any losses, expenses or costs, including reasonable attorneys' fees, arising or incurred in connection with any Lease Agreement, or any other agreement entered into pursuant to this Agreement whether in contract, tort, negligence or otherwise. In no event shall Representatives' liability in connection with this Agreement exceed the Transaction Fees received by Representatives pursuant to this Agreement. In no event shall Representatives be liable for any special, incidental, indirect or consequential damages whatsoever (including but not limited to lost profits or savings) arising out of or in any way related to the Agreement regardless of whether Representatives has been advised of the possibility of such damages.

c) Complete Understanding; Modification; Nonassignability and Binding Effect. This Agreement and the Representatives constitute the complete and exclusive understanding and agreement of the parties and supersedes all prior understandings and agreements, whether written or oral, with respect to the subject matter hereof. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by both parties hereto. Neither party shall assign this Agreement, in whole or in part, to any third party without the prior written consent of the other party; provided, however, that either party may, without the other party's prior written consent, assign this Agreement to a successor in interest to the entire business or assets of the assigning party or to a majority-owned subsidiary. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

d) Governing Law; Notices; Counterparts. This Agreement and any claims, whether in contract, tort or otherwise, arising from this Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law. The parties agree that the state and federal courts sitting in Pittsburgh, Pennsylvania, USA, shall have proper and exclusive jurisdiction and venue for any proceedings arising from this Agreement. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, then the remaining provisions of this Agreement will remain in full force and effect. This Agreement may be executed in any number of copies, each of which will be deemed an original and all of which together will constitute one and the same instrument. All notices, legal service, requests or other communications required hereunder will be in writing and will be deemed to have been given or made if delivered personally or by confirmed courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, to the parties at the principal addresses set forth above, or to such other address(es) as may be specified in writing by either of the parties to the other in accordance with this Section.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this MarketPlace Agreement as of the Effective Date.

Co-eXprise, Inc. dba, CX-Energy
By:

Signature

Print Name & Title

Morascyzk & Polochak, Attorneys at Law
By:

Signature

Print Name & Title

Owner:
By:

Signature and Print Name

Date

Signature and Print Name

Date

Signature and Print Name

Date

Signature and Print Name

Date

For office use only:

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Exhibit A

Primary Contact Information: Primary Contact is the point of contact for all listed Parcels that will be contacted for updates and information.

Primary Contact Name	JEFFRY S. VODENICHAK	
Email Address	jsvndi@zoominternet.net	
Full Mailing Address	7133 COUNTRY CIRCLE ROAD BUTLER, PA 16001	
Primary Phone Number	(724) 355-4702	Secondary Phone Number
		(724) 265-3089

Parcel Information: Please complete or circle all known information. Please list which of the above numbered owners own each property. Please use additional entry sheets as needed.

Parcel Number	Map No. 19 075 019 T814 & T-697	Property Location (Address or Description)	Township
		Property fronts on Barney Slater & Boyd Roads.	New Vernon
County	Mercer	Owners (List all if multiple)	Acreage
		JEFFRY S. VODENICHAK	80.41
Do you receive Royalty Payments?	Yes / <input checked="" type="radio"/> No / Not Sure	Do you receive Shut-In Fees?	Lease Expiration Date
		Yes / <input checked="" type="radio"/> No / Not Sure	

Parcel Number	Map No. 19 074 041	Property Location (Address or Description)	Township
		Property fronts on Barney Slater Road.	New Vernon
County	Mercer	Owners (List all if multiple)	Acreage
		JEFFRY S. VODENICHAK	60.90
Do you receive Royalty Payments?	Yes / <input checked="" type="radio"/> No / Not Sure	Do you receive Shut-In Fees?	Lease Expiration Date
		Yes / <input checked="" type="radio"/> No / Not Sure	Unknown
		Vista Resources	

For office use only:

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Return To: CX-Energy via 724-933-1150 (Fax), Mtlax4@cx-energy.com (email) or 6021 Wallace Rd., Ext., Wexford, PA 15090

SHOULD LANDOWNER HIRE CX-ENERGY AND MORASCZYK & POLOCHAK, THIS FORM WILL BE REFERENCED AS A CONTRACT EXHIBIT

Parcel Number	Property Location (Address or Description)		Township
Map No. 19 062 023 002	Property fronts on McDougall Road		New Vernon
County	Owners (List all if multiple)		Acreage
Mercer	Jeffrey S. Vodenichal		100.0
Do you receive Royalty Payments?	Do you receive Shut-In Fees?	Lessee	Lease Expiration Date
Yes / No / Not Sure	Yes / <input checked="" type="radio"/> No / Not Sure	Vista Resources	Unknown
Parcel Number	Property Location (Address or Description)		Township
Map No. 19 062 023	Property fronts on McDougall Road		New Vernon
County	Owners (List all if multiple)		Acreage
Mercer	Jeffrey S. Vodenichal		34.42
Do you receive Royalty Payments?	Do you receive Shut-In Fees?	Lessee	Lease Expiration Date
Yes / No / Not Sure	Yes / <input checked="" type="radio"/> No / Not Sure	Vista Resources	Unknown
Parcel Number	Property Location (Address or Description)		Township
County	Owners (List all if multiple)		Acreage
Do you receive Royalty Payments?	Do you receive Shut-In Fees?	Lessee	Lease Expiration Date
Yes / No / Not Sure	Yes / No / Not Sure		
Parcel Number	Property Location (Address or Description)		Township
County	Owners (List all if multiple)		Acreage
Do you receive Royalty Payments?	Do you receive Shut-In Fees?	Lessee	Lease Expiration Date
Yes / No / Not Sure	Yes / No / Not Sure		

For office use only:

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Return To: CX-Energy via 724-933-1150 (Fax), MTJax4@cx-energy.com (email) or 6021 Wallace Rd., Ext., Wexford, PA 15090

SHOULD LANDOWNER HIRE CX-ENERGY AND MORASCYK & POLOCHAK, THIS FORM WILL BE REFERENCED AS A CONTRACT EXHIBIT

Attn: Mr. Jacob S. Polochak
382 W. Chestnut St., Suite 107
Washington, PA 15301

Mr. Nicholas J. Seitanakis
6021 Wallace Rd. Ext., Suite 300
Wexford, PA 15090

RE: Letter of Intent ("LOI")
Mt. Jackson Group 4: Stoneboro
Mercer County, Pennsylvania

June 2, 2012

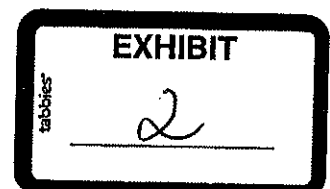
Gentlemen:

Morascyzk & Polochak, Attorneys at Law and Co-eXprise, Inc. ("*Representatives*") have represented to Halcón Energy Properties, Inc. ("*Halcón*") that they have entered into agreements ("*MarketPlace Agreements*") with certain mineral interest owners in Mercer County, Pennsylvania ("*Mt. Jackson Group 4: Stoneboro*") to market their interests for the purpose of securing oil and gas leases on their property (each a "*Property*" or collectively, the "*Properties*") listed in Schedule I, insofar as the Properties are located within the AOI, as defined below). Representatives and Halcón are herein collectively called the "*Parties*" and individually a "*Party*". Halcón has identified an Area of Interest defined as Mercer County, Pennsylvania ("*AOI*"), and desires to obtain oil and gas leases from the Mt. Jackson Group 4: Stoneboro within the AOI under the following terms and conditions:

- I. Each member of Mt. Jackson Group 4: Stoneboro (sometimes individually referred to herein as "*Lessor*", and sometimes collectively referred to herein as "*Lessors*") shall have executed an offer letter ("*Offer Letter*"), in form and substance acceptable to Halcón, pursuant to which they would(i) offer to execute, have notarized, deliver and grant to Halcón an oil and gas lease, in substantially the form attached hereto as part of Schedule II (together with the associated addendum thereto, also in substantially the form attached hereto as part of Schedule II) (the "*Lease*"), and together with the associated memorandum of oil and gas lease, also in substantially the form attached hereto as part of Schedule II (the "*Memorandum*"), (ii) execute and deliver any non-foreign affidavits and other instruments or certificates as may be required by Halcón, and (iii) offer to execute and deliver an Order of Payment ("*OOP*"), in connection with the granting of such Lease, in substantially the form attached hereto as Schedule II (the agreements, instruments and certificates described in subparts (i)-(iii) above, together with the Offer Letter, are collectively referred to as the "*Lessor Documents*"). Each member of Mt. Jackson Group 4: Stoneboro would also agree to provide Halcón with copies of and access to any books, title, land, deed, tax, and other records relating to the Properties within the possession or reasonable control of such member of Mt. Jackson Group 4: Stoneboro. The offer to grant such Lease under the Offer Letter would be based on the terms set forth in Section 2, together

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with the other terms and conditions set forth in the form attached hereto as part of Schedule II, and the total consideration that would be paid to the individual Mt. Jackson Group 4: Stoneboro lessor would be based on a lease bonus of \$3,850 net mineral acre attributable to such individual lessor's interest delivered to Halcón under such Lease, subject to the delivery and confirmation by Halcón of Marketable Title (as hereinafter defined).

2. Each Lease shall include the following key terms: (i) an initial primary term commencing on the date executed and delivered by and continuing until the date that is five (5) years from the Initial Closing (as defined below), unless otherwise agreed upon by respective Lessors and Halcón; (ii) an 18.5% royalty interest; (iii) shall cover and include the oil, gas and associated hydrocarbons, any products therefrom, as well as any substances produced in connection therewith, in, to, and under all depths located below one hundred (100) feet below the stratigraphic equivalent of the base of the Speechley Sandstone Formation (as hereinafter defined) covering the Properties described therein, (iv) shall expressly permit the pooling, unitization and communitization of the Lease with other oil and gas leases or mineral interests, pursuant to provisions acceptable to Halcón, and (v) prior to expiration of the initial primary term, the option by Lessee to extend the lease an additional term of five (5) years by tendering to Lessor an extension payment of \$3,850.00 per net mineral acre. For purposes hereof, the term "Speechley Sandstone Formation" shall mean the stratigraphic equivalent of that formation found between the depths of 1,825 feet and 1,870 feet MD and reflected on the well logs from the Energy Resources of America, Inc. - SGL #P1 Well, API No. 3712144287, completed in June 2008 in Venango County, Pennsylvania.
3. Each member of Mt. Jackson Group 4: Stoneboro that agrees to these terms will execute the form of Lease, Memorandum and OOP as agreed and attached hereto as Schedule II, and NOTWITHSTANDING ANYTHING STATED IN THIS LOI TO THE CONTRARY, HALCÓN RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ACCEPT OR REJECT ANY PROPOSED CHANGES TO SUCH LEASE, MEMORANDUM OR OOP. Unless already included in Schedule I, such acreage shall be incorporated as Properties into the attached Schedule I, and a Final Schedule I shall be prepared by Representatives and submitted to Halcón by the earlier of 5:00 pm, Eastern Time, on June 30, 2012 or the last Mass Signing (as described below). Properties on the Final Schedule I shall not exceed sixty thousand (60,000) net mineral acres, absent written modification to this LOI.
4. The Representatives shall arrange to have available and coordinate one or more venues having sufficient facilities and space for the Mt. Jackson Group 4: Stoneboro to have at least one three (3) day opportunity, prior to June 30, 2012, where individual members of the Mt. Jackson Group 4: Stoneboro can execute, have notarized, and deliver to Halcón the Lessor Documents (or such Lessor Documents which have not previously been executed by such individual member of the Mt. Jackson Group 4: Stoneboro) (each, a "Mass Signing"). Each Mass Signing shall be approved in writing by Halcón or its representatives. Representatives shall coordinate the specific dates of such Mass Signings with Halcón, so Halcón representatives can be present.

No Mass Signings under this LOI shall be held after June 30, 2012, without Halcón's prior written approval and Halcón shall not commit to considering, exercising or accepting any offer by any members of the Mt. Jackson Group 4: Stoneboro after such date.

5. Halcón shall have ninety (90) business days from the date of the Mass Signing (if such Lease was executed and delivered at such Mass Signing) or from June 30, 2012 (if such Lease was executed and delivered prior to June 30, 2012 but was not otherwise executed and delivered at the Mass Signing, and any additional time granted pursuant to the Order of Payment executed by respective Lessors, to complete its title, environmental, and other due diligence review of the Properties covered by the Leases actually received by Halcón at the Mass Signings. Except for those Properties without Marketable Title or that may be subject to other Defects, as provided for in Section 10 below, payment of the bonus consideration shall occur prior to the expiration of said ninety (90) business days ("*Diligence Period*"). On or before three (3) business days following the expiration of the applicable Diligence Period, Halcón shall provide Representatives with a summary of those Properties which have been examined by Halcón and for which Halcón does not intend to assert Title Defects or other Defects (as hereinafter defined); those Properties on which Halcón elects to assert Title Defects or other Defects (as hereinafter defined); and those Properties which require additional time for completion of due diligence review. With regard to those Properties on which Halcón elects to assert Title Defects or other Defects, Halcón shall provide to Representatives enough information to identify the nature of such Title Defects or other Defects.
6. Subject to the other terms and conditions herein, with regard to those Leases and Properties Halcón has not elected to assert any Title Defects or other Defects, on or before the date that is *ten (10)* business days following the expiration of the applicable Diligence Period, Halcón would pay the applicable lessor member of Mt. Jackson Group 4: Stoneboro the aggregate bonus consideration of \$3,850.00 per net mineral acre with Marketable Title covered by such Lease as payment in full for the primary term of said Lease (such payment is herein called the "*Initial Closing*" of such Lease); and Halcón may require a Lease ratification as of such closing from the lessor, as a condition to payment. Any such bonus payments would be made directly to the individual members of the Mt. Jackson Group 4: Stoneboro, in accordance with the applicable OOP. With regard to those Leases and Properties Halcón on which has elected to assert any Title Defects or other Defects, Halcón shall have no obligation or liability (whether to pay the bonus or otherwise), unless such Title Defects or other Defects are cured to Halcón's reasonable satisfaction as described under Section 11 below.
7. Halcón shall have the right to enter into the proposed transaction and any Lease through Halcón or any other affiliate.
8. The Parties have agreed on the following procedure for the proper execution of the Lease, the Memorandum, the OOP:

- a. Halcón and/or Representatives shall prepare a Lease, Memorandum, OOP and W-9 forms for execution. Representatives shall be responsible for obtaining from the owners of the Properties, and shall provide same to Halcón, the parcel ID's, names, legal descriptions of the Properties, addresses and other relevant information necessary to properly prepare the Lease, Memorandum of Lease, OOP and W-9 forms.
 - b. Representatives shall coordinate dates, time and venue for the execution of the Lease, Memorandum, OOP and W-9 and other Lessor Documents by the owners of the Properties at the Mass Signings, as described above. Halcón/agrees to pay all of the expenses associated with such informational meetings and lease signings (including without limitation, the room or space rental fees and any food and drinks), but Representatives will provide Halcón with written estimates for such expenses.
 - c. Upon Halcón's receipt of each signed Lease, Memorandum and OOP and other Lessor Documents, Halcón will conduct its title and other due diligence that it deems appropriate.
9. In the MarketPlace Agreements, Representatives has agreed to a fee (to be paid from each respective member of the Mt. Jackson Group 4; Stoneboro) for its assistance in negotiating the terms of the Lease and facilitating the execution of the Lease, Memorandum, OOP and W-9 forms by the owners of the Properties. Representatives represents that the fee shall be equal to the amount negotiated with each of the members of the Mt. Jackson Group 4; Stoneboro which is an up-front fee of \$231.00 (6% of \$3,850.00) or \$308.00 (8% of \$3,850.00) per net mineral acre, depending on when a customer joins the group, for each acre that Halcón determines an owner has Marketable Title that allows for oil and gas development (the "*Representatives' Fee*") unless the MarketPlace Agreement and OOP state differently. Representatives represent to Halcón that the Representatives' Fee applies to the up-front initial primary term bonus payment consideration only (and not to any renewal, extension or replacement lease). Representatives agree that Halcón is not a party to the MarketPlace Agreements and shall have no rights or obligations or liabilities under such agreements, including without limitation, no obligation to pay any portion of the Representatives' Fee. Notwithstanding the foregoing, the form OOP to be signed by each owner shall contain provisions: (i) directing payment of the final agreed bonus consideration owed to them; (ii) authorizing Halcón to deduct the Representatives' Fee directly from the bonus consideration amount (the "*Fee Payment*") and (iii) directing Halcón to deliver such Fee Payment directly to Representatives on the same date that it pays the respective member of Mt. Jackson Group 4; Stoneboro. Halcón shall have no obligation to deliver any bonus payment or Fee Payment until such time that Halcón receives an executed OOP in the form attached hereto and containing the provisions set forth above in the immediately preceding sentence. REPRESENTATIVES AGREE TO INDEMNIFY, DEFEND AND HOLD HARMLESS HALCÓN AND ITS AFFILIATES FROM ANY AND ALL CLAIMS, LIABILITIES, EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, COURT COSTS AND OTHER COSTS OF INVESTIGATION OR DEFENSE) RELATED IN ANY MANNER WHATSOEVER TO THE

REPRESENTATIVES' FEE, REGARDLESS OF THE SOLE, JOINT, CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL FAULT OR RESPONSIBILITY OF REPRESENTATIVES, ANY MEMBER(S) OF MT. JACKSON GROUP 4: STONEBORO, HALCÓN OR ANY OTHER PERSON.

10. Halcón shall have no obligation to execute or accept any Leases on any of the Properties that have, or may be subject to, any Title Defects or which are subject to any other Defects. For purposes hereof, the following terms shall have the following meanings attributed to them:

(a) *"Claims"* shall mean any and all debts, losses, liabilities, duties, claims, damages, obligations, payments (including, without limitation, those arising out of any demand, assessment, settlement, judgment or compromise relating to any actual or threatened legal proceeding), taxes, costs and expenses (including, without limitation, attorney fees, court costs and other administrative costs, and costs of investigation or defense), matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown, including, without limitation, any of the foregoing arising under, out of or in connection with any legal proceeding; any order or consent decree of any governmental authority, any award of any arbitrator, or any law or regulation, contract, commitment or undertaking.

(b) *"Encumbrances"* means Liens, royalties (including, without limitation, any non-participating royalty interests), overriding royalties, net profits interests, production payments, carried interests, reversionary interests, and other burdens or calls on production, contract obligations, easements, restrictions, consent or approval requirements, preferential purchase rights, rights of first refusal, or similar rights, options, and Claims.

(c) *"Good and Defensible Title"* means and includes all of the following with regard to the mineral fee interest of any member of Mt. Jackson Group 4: Stoneboro: (1) is not subject to an existing oil and gas lease; (2) is free and clear of liens or encumbrances; (3) would entitle Halcón, after receipt of the applicable Lease from such member of the Mt. Jackson Group 4: Stoneboro, to a net revenue interest in any oil, gas or other minerals produced therefrom or allocable thereto, of not less than an undivided 81.5% (of 100%) throughout the life of the Lease (as to all depths below 100 feet below the base of the Speechley Sandstone Formation); (4) would obligate Halcón (throughout the life of the Lease and as to all depths below 100 feet below the base of the Speechley Sandstone Formation), after receipt of the applicable Lease from such member of the Mt. Jackson Group 4: Stoneboro, to bear costs and expenses relating to the maintenance, development and operation thereof in an amount not greater than the respective working interest (expense interest) set forth in Schedule 1, attached hereto; (5) would result in Halcón, after receipt of the applicable Lease from such member of the Mt. Jackson Group 4: Stoneboro, having not less than the number of net mineral acres

attributable to such Lease set forth in Schedule 1 attached hereto; (6) is not subject to, and will not subject Halcón to, any area of mutual interest, nor to any consent or approval to transfer; (7) is not subject to any surface waivers or restrictions that would impede or hinder any drilling or development activities thereon under the applicable Lease to be granted to Halcón; (8) is free and clear of any other adverse terms, claim, burden, restriction, requirement or imperfection, which if asserted would cause a material impairment of the use and enjoyment of or loss of interest in such properties which would not be acceptable to reasonable and prudent lessees, operators, interest owners or purchasers of oil and gas properties.

(d) "*Lien*" shall mean any (i) security interest, lien, mortgage, pledge, hypothecation, encumbrance, charge, restriction on transfer, including any conditional sale or other title retention contract or lease in the nature thereof, including, without limitation, any lien or security interest covering or affecting the interest of the Lessor in any Properties unless such lien or security interest is subordinated to Halcón's interests in the Lease on terms satisfactory to Halcón in its sole discretion; (ii) any filing or agreement to file a financing statement as debtor under the applicable Uniform Commercial Code or any similar statute; and (iii) any subordination arrangement in favor of another entity or person.

(e) "*Marketable Title*" means, with respect to the Properties covered by a Lease, as both (i) having Good and Defensible Title to such Properties, and (ii) title to the mineral and leasehold estate underlying the Properties which is otherwise free of any existing burden, defect, demand, lawsuit, third party claim, Lien, or Encumbrance; which would grant to Halcón, with minimal legal risk of adverse Claims by third parties, all of the rights considered usual and necessary to explore for and produce the oil and gas, and to the Properties.

(f) "*other Defect*" means and includes:

(1) any Properties (or portions thereof) with respect to which Halcón determines that there are adverse environmental Claims or liabilities that are unacceptable to Halcón, in the exercise of Halcón's reasonable discretion, including, without limitation, any conditions or circumstances that could be in violation of any applicable local, state or federal law, regulation, order, judgment or rule governing the protection of health or the environment; and

(2) any Properties (or portions thereof) with respect to which Halcón determines are subject to any restriction on the ability of Halcón to explore and drill for, develop and produce the oil, gas, and associated hydrocarbons.

(g) "*Title Defect*" means any condition, fact or circumstance which could result in Lessor not having Marketable Title to any Properties (or portions thereof).

11. In the event Halcón discovers and asserts such Title Defects or other Defects, as contemplated above, it shall give Representatives written notice thereof, as described above. Representatives shall have the opportunity for up to six (6) months from the date of the Mass Signing (the "*Cure Period*") to take action to cure such Title Defects or other Defects to the satisfaction of Halcón. To the extent that the same are cured to Halcón's satisfaction within the Cure Period, then the Parties and the applicable Lessors shall schedule and coordinate a subsequent closing, at which the Lessors shall execute such Lease ratifications as requested by Halcón, the initial primary term of such Lease shall be extended by another six (6) months, and Halcón shall pay the Lease bonus described in Section 6 attributable to such Lease.
12. The Parties agree to coordinate the following meetings at a location and date yet to be determined with the Mt. Jackson 4: Stoneboro Group: (i) an informational meeting and reception, and (ii) Mass Signings (the "*Initial Meetings*"). Halcón agrees to pay all of the expenses associated with such Initial Meetings (including without limitation, the room or space rental fees and any food and drinks, etc.), subject to Halcón's prior agreement as to the amounts and types of expenses.
13. All notices required or permitted under this Agreement shall be in writing and shall be delivered personally or by certified mail, postage prepaid and return receipt requested to the people and addresses set forth in the first and last pages hereof or by telecopier, facsimile or electronic mail addresses provided in writing by each of the parties.
14. THIS LOI AND THE OBLIGATIONS OF THE PARTIES HEREUNDER WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PRINCIPLES; PROVIDED, HOWEVER, THAT THE LEASES SHALL BE GOVERNED BY THE LAW OF THE JURISDICTION IN WHICH THE LEASES ARE LOCATED AND SUCH LEASES OR MEMORANDUM ARE FILED OF RECORD.
15. Notwithstanding the preceding sentence, except as permitted below, Representatives shall not assign this LOI or its rights hereunder without the prior, written consent of Halcón.
16. This LOI, together with the Exhibits and Schedules hereto, constitute the entire agreement and understanding of the Parties in respect of its subject matter and supersedes all prior understandings, agreements, or representations by or between the

Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

17. No amendment, modification, replacement, termination or cancellation of any provision of this LOI will be valid, unless the same shall be in writing and signed by all of the Parties hereto.
18. The Parties agree that prior to making any public announcement or statement with respect to the transactions contemplated by this LOI, the Party desiring to make such public announcement or statement shall consult with the other Parties hereto and endeavor in good faith to obtain the prior written approval of the other Parties to the text of a public announcement or statement; provided, however, if such disclosure is required by applicable law or the rules of a trading exchange to make such public announcement or statement, then the same may be made without the approval of the other Parties. From and after the execution of this Agreement and continuing after the Initial Closings and any subsequent closings, Representatives further agree not to publish or otherwise disclose the terms of this LOI, other than to landowners located in the AOI, the Lessors and third party representatives that communicate with landowners that are potential lessors that have agreed in writing to covenants of confidentiality (and Representatives shall also not disclose the identity of Halcón in any press release or similar public disclosure (not including the filing of the Leases or Memorandum in the county records) without Halcón's express written consent) except to its respective directors, officers, employees, accountants, investors, members, bank lenders, and attorneys, without the express written consent of Halcón; provided, however, that nothing herein shall prevent or prohibit disclosures that are required under applicable law or under the rules of a stock exchange on which the securities of Halcón or its affiliate are publicly traded, or as necessary to enforce the terms, rights and remedies of this Agreement.
19. Except as permitted under Section 18 above, Representatives shall not use or disclose any terms of this LOI, or the existence of this LOI, including, without limitation, the identity of Halcón or the per-net mineral acre bonus and royalty contemplated herein.

Should you find these terms and conditions acceptable, please acknowledge your acceptance in the space provided below, and return an executed copy to 1000 Louisiana St., Suite 6700, Houston, TX 77002.

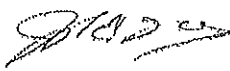
Sincerely,

HALCÓN ENERGY PROPERTIES, INC.


Mary Ellen Brook, Senior Land Manager

AGREED TO AND ACCEPTED
THIS 2nd DAY OF JUNE, 2012

MORASCYK & POLOCHAK

By: 

Printed Name: Joseph E. Morascyzk, Esq.

Title: Partner

AGREED TO AND ACCEPTED
THIS 2nd DAY OF JUNE, 2012

CO-EXPRIZE, INC.

By: 

Printed Name: Greg S. Anderson

Title: President & CEO

OIL AND GAS LEASE PAID-UP LEASE

THIS OIL AND GAS LEASE (the "Lease") made and entered into this ____ day of ____, 2012, by and between ____, whose address is ____ (whether one or more, the "LESSOR"), and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, ("LESSEE").

1. **GRANTING CLAUSE:** LESSOR, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration paid by LESSEE, the receipt of which is hereby acknowledged, and the covenants and agreements contained in this Lease grants, leases and lets exclusively to LESSEE, its successors and assigns, all the oil and gas, including but not limited to coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from or produced/originating within any formation, gob area, mined out area, coal seams and all communicating zones, and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased (whether one or more, "Oil and Gas"). The Lease is granted for any or all of the following purposes: Exploring for by geophysical, geological, seismic, and other methods, including core drilling, drilling, operating for, developing, producing, removing, transporting and marketing Oil and Gas; the right to stimulate all coal seams or other strata or formations using any and all methods and technology available at the time of stimulation; the right to conduct surveys (including geophysical and seismic surveys); to transport by pipelines or otherwise across and through the Leased Premises Oil and Gas from the lands covered by the Lease, or from lands utilized or pooled therewith, for so long as the transportation of such production may be desired by LESSEE; the placing of tanks, equipment, electric power lines, telephone lines, water lines, impoundments and ponds, compression and collection facilities, roads and structures for the production of Oil and Gas, together with the right to enter into and upon the lands covered by the Lease, or upon lands utilized or pooled therewith, at all times for the aforesaid purposes, and the right to conduct secondary or tertiary recovery operations by injecting gas, water and other fluids or air into subsurface strata. Any equipment or pipelines from other wells not located on such lands or on lands utilized or pooled therewith shall be approved by LESSOR in writing.

2. **DESCRIPTION OF THE LEASED LANDS:** The lands covered by the Lease are situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

3. **TERM OF LEASE:** This Lease shall continue in force for a term of five (5) years from the effective date of this Lease (the "Primary Term") said effective date is October 18, 2012, and as long thereafter as operations are conducted on the Leased Premises with no cessation for more than one hundred twenty (120) consecutive days, or as long thereafter as there are well(s) producing Oil and Gas in paying quantities or well(s) capable of producing Oil and Gas in paying quantities from the Leased Premises or from lands utilized or pooled therewith, in the sole judgment of LESSEE, or as the Leased Premises shall be operated by LESSEE or as otherwise maintained in full force and effect pursuant to the other provisions in this Lease. For purposes of this Lease, the word "operations" shall be defined as any one or more of the following: Making applications for any necessary permits required for operations, grading or preparation of a drill site; the placement of a drilling rig on a drill site location on the Leased Premises or any land utilized or pooled therewith; and the actual commencement of the drilling of either the vertical or the lateral portion, as the case may be, of any well upon the Leased Premises or lands utilized or pooled therewith. "Operations" also includes any testing, completing, fracturing, stimulating, reworking, recompleting, deepening, plugging back or repairing of a well in search for or with the intention of obtaining production of Oil and Gas, whether or not ultimately produced in paying quantities.

4. **PAID-UP LEASE:** This Lease is a Paid-Up Lease and shall not require the payment of any annual delay rentals to maintain the Lease in full force and effect during the Primary Term hereof. The lease bonus paid to the Lessor for the Lease shall constitute sufficient consideration for the Lease paid to Lessor whether the acreage covered by the Lease is later determined to be more acreage or less acreage by a resurvey or otherwise.

5. **ROYALTY PAYMENTS:** LESSEE covenants and agrees:

(A) For oil, to pay LESSOR eighteen and one-half percent (18.5%) of the net amount paid to Lessee for all oil produced, saved and sold from the Leased Premises. Payment of royalty for oil marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership.

(B) For gas and other hydrocarbons produced with gas, to pay LESSOR, as royalty for the gas, saved and sold from the Leased Premises, eighteen and one-half percent (18.5%) of the net amount realized by LESSEE for the sale and delivery of such gas. Payment of royalty for gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership.

Any royalty payments to be made by LESSEE to LESSOR on any Oil and Gas produced from the Leased Premises and when sold by LESSEE shall be based on the net amount realized by LESSEE, computed at the mouth of the well.

(C) There shall be no deductions from the royalty payments in (A) and (B) above for any costs of production, including exploring or surveying the Leased Premises for Oil and Gas, or installing, drilling, completing, equipping and producing a well. However, such royalty payments shall be less LESSOR's pro-rata share of post-production costs. Post-production costs include, without limitation, (i) all costs actually incurred by LESSEE and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale by LESSEE; (ii) all costs of gathering, marketing, compression, dehydration, transportation, processing and removal of liquid hydrocarbons, and other liquids or gaseous substances or impurities from the production; and (iii) any other treatment or processing required by the purchaser or to otherwise market and sell gas, oil or any other hydrocarbons or substances produced with oil or gas. LESSEE also may deduct from royalty payments LESSOR's prorata share of any tax imposed by any government body that is levied upon the value of production or the severance of Oil and Gas from the Leased Premises.

6. **ADDRESS FOR NOTICES OR PAYMENTS:** All notices or payments due under this Lease shall be delivered, paid or tendered to LESSOR at the address shown above or to the credit of LESSOR through LESSOR's agent as follows: _____ and such agent shall continue as LESSOR's agent to receive any and all sums payable under this Lease regardless of changes in ownership in the Leased Premises, or in the Oil and Gas or in the royalties payable under this Lease until delivery to LESSEE of notice of change of ownership. No change of ownership in the Leased Premises or in the royalties payable under this Lease shall be binding on LESSEE until sixty (60) days after a notice is delivered to LESSEE, duly

signed by the parties including a certified copy of the instruments of conveyance or assignment to such new owner, which have been properly filed of record.

7. CESSATION OF OPERATIONS OR PRODUCTION / CONTINUOUS OPERATIONS: If, at or after the expiration of the Primary Term, this Lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the Leased Premises, or on acreage unitized or pooled therewith, this Lease shall remain in effect so long as operations are conducted with no cessation of more than one hundred twenty (120) consecutive days, and if such operations result in the production of Oil and Gas, as long thereafter as there is production from the Leased Premises or from acreage unitized or pooled therewith. If, after the expiration of the Primary Term, Lessee drills a dry hole on the Leased Premises or if all production of Oil and Gas should permanently cease from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall remain in effect if Lessee commences drilling, reworking or other operations on the Leased Premises, or upon lands unitized or pooled therewith, within one hundred twenty (120) days thereafter.

8. SHUT-IN PROVISION: If, at any time or from time to time, after the Primary Term, there is a well on the Leased Premises, or on lands unitized or pooled therewith, capable of producing Oil and Gas in paying quantities, but which is shut-in, because of lack of market, market facilities, transportation constraints, pipeline facilities repairs or pipeline replacement, such well shall be considered for all purposes and under all provisions of this Lease to be a well producing in paying quantities and this Lease shall remain in full force and effect. In such event, and if this Lease is not then being maintained in force and effect under the other provisions hereof, Lessee covenants and agrees to pay or tender to Lessor, as a shut-in royalty, the sum of _____ per net acre per annum for each acre covered by this Lease. The first payment shall be due and payable on or before ninety (90) days after the date on which, (1) said well is shut-in, or (2) the Leased Premises or any portion thereof is included in a unitized or pooled unit on which a shut-in well is located, or (3) the Lease ceases to be otherwise maintained as provided herein, whichever is the later date and thereafter at annual intervals in a similar amount on or before the anniversary of the date the first payment is due, unless the Lease is then being maintained in force and effect as provided herein. No additional payments shall be required if there is more than one shut-in well on the Leased Premises or on lands unitized or pooled therewith. At the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled but is awaiting completion shall be deemed a well capable of producing in paying quantities for the purposes of the payment of shut-in royalties under this Lease, and the date the drilling rig is released from the well shall be the date the well is considered to be shut-in. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. POOLING and UNITIZATION: Lessor further grants to Lessee, his heirs and assigns, the right to unitize this lease or any part thereof with other leases to form a drilling unit or units, at Lessee's discretion, provided that the resulting drilling unit(s) conforms with the rules and regulations of the authority having jurisdiction with respect to the proper development and conservation of the field. In the event this lease is so unitized, this lease shall continue so long as the Lessee is engaged in the production of or search for oil and/or gas on the Leased Premises or lands pooled therewith and the Lessor agrees to accept, in lieu of the royalty hereinabove recited, such proportion of the royalty as the acreage that this lease bears to the total acreage comprising the drilling unit.

10. PROPORTIONATE REDUCTION: In the event LESSOR owns a lesser interest in the Oil and Gas in the Leased Premises or any part thereof than the entire and undivided fee simple, then the royalties, shut-in royalty payment and/or all other payments provided for shall be paid to LESSOR only in the proportion which such interest bears to the whole and undivided fee simple estate therein.

11. ASSIGNMENT RIGHTS / PAYOFF LIENS: LESSEE shall have the right to assign and transfer this Lease in whole or in part at anytime. LESSOR agrees that when and if this Lease is assigned, the assigning LESSEE shall have no further obligations to LESSOR. LESSOR further grants to LESSEE, for the protection of LESSEE's interest hereunder, the right to pay and satisfy or reduce, either before or after maturity, any tax, judgment, claim, lien or mortgage against LESSOR's interest in the Leased Premises and upon any such payment to become subrogated to the rights of such claimant, lien holder or mortgagee, and the right to deduct amounts so paid from all royalties or other payments payable or which may become payable to LESSOR and/or LESSOR's assigns under this Lease.

12. SURFACE OPERATIONS: LESSEE shall repair and restore the surface of the Leased Premises, as a result of Lessee's operations, to as close as reasonably practical the condition in which the Leased Premises existed at the time of the commencement of drilling operations and such restoration and reclamation shall be commenced within one (1) year after the conclusion of completion operations on any well drilled on the Leased Premises, weather permitting. When required by LESSOR, LESSEE will bury all pipelines below ordinary plow depth or a minimum of 18", and no well shall be drilled within two hundred (200) feet of any residence or barn now on the Leased Premises without LESSOR's prior consent.

13. LESSOR RESTRICTIONS: LESSOR agrees to abide by all reasonable safety policies of LESSEE with respect to LESSEE's operations, including but not limited to the following: No dwellings or structures of any kind shall be erected or moved on a drilling location within one hundred feet (100') of a well, tank battery or other related facility or appurtenance, or within twenty-five feet (25') of LESSEE's pipelines.

14. LESSEE'S RIGHTS: LESSEE shall have the right to use oil, gas, coalbed methane gas, water, and/or minerals for operating on the Leased Premises and the right at any time during or after the expiration of this Lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the Leased Premises. LESSEE shall have the right to release this Lease or any portion thereof at anytime by giving written notice to LESSOR describing the portion which it elects to surrender as to area or depth or formation, or by returning the Lease to LESSOR with the endorsement of surrender thereof, or by recording the release or partial release of this Lease, any of which shall be a full and legal surrender of this Lease as to all of the Leased Premises or such portion thereof as the release shall indicate, and any payments due under this Lease based on net acres shall be reduced in proportion to the acreage surrendered. As to any portion of the Lease or Leased Premises so surrendered, Lessee shall have reasonable and convenient easements for any existing wells, pipelines, roadways and other facilities on the lands surrendered. LESSOR expressly acknowledges and agrees that there shall further be no covenant to develop the Leased Premises.

15. EXISTING WELLS EXCEPTED: LESSOR excepts and reserves from this Lease any and all existing well(s) that may be situated on the Leased Premises. LESSEE shall not be responsible for any liabilities, including environmental or plugging obligations associated with said well(s).

16. FORCE MAJEURE: In the event LESSEE is unable to perform any of the acts of LESSEE by reason of force majeure, including but not limited to acts of God, adverse weather conditions, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, the issuance of permits to drill or other state or federal orders or moratoriums related to drilling operations, or the inability to obtain a satisfactory market or pipelines or transportation for the sale of production, or the failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within LESSEE's control, this Lease

shall remain in full force and effect until LESSEE can reasonably perform said act or acts or to remove the restriction causing the delay and in no event shall this Lease expire for a period of ninety (90) days after the termination or elimination of such force majeure event.

17. **INDEMNIFICATION:** LESSEE agrees to indemnify, protect, save harmless and defend LESSOR from and against any loss, claim or expense, including without limitation claims for injury or death to persons or damage to property occurring as a result of LESSEE's use of the Leased Premises, or as a result of loss, expense, injury, death or damage which would not have occurred but for LESSEE's use of the Leased Premises, except to the extent any such damage or injury is caused in whole or in part by LESSOR's negligence, gross negligence or intentional acts.

18. **NOTICE:** In the event of any default or alleged default by LESSEE in the performance of any of its obligations under this Lease, LESSOR shall notify LESSEE in writing setting out specifically in what respects LESSEE has breached this Lease. LESSEE shall then have sixty (60) days after receipt of said notice within which to dispute such alleged default or to meet or commence to meet all or any part of the default alleged by LESSOR. The service of said notice shall be precedent to the bringing of any action by LESSOR arising out of or related to this Lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on LESSEE. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform any or all of its obligations under this Lease. All notices to LESSEE provided for in this Lease shall be sent by certified mail return receipt requested to LESSEE at LESSEE's address provided on Page One (1) of this Lease.

19. **PREFERENTIAL RIGHT TO PURCHASE:** In the event LESSOR, during the term of this Lease, receives a bona-fide offer which LESSOR is willing to accept from any party offering to pay LESSOR for an oil and gas lease covering any or all of the substances covered by this Lease and covering all or a portion of the Leased Premises, LESSOR agrees to notify LESSEE in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. LESSEE, for a period of fifteen (15) days after receipt of the notice by certified return receipt mail, shall have the prior and preferred right and option to acquire from LESSOR a lease or other rights covering all or part of the Leased Premises at the price and according to the terms and conditions specified in the offer. If LESSEE does not respond within said fifteen (15) day notice period, it will be deemed that LESSEE waives its rights with regard to such offer.

20. **EXTENSION OF LEASE:** Prior to the expiration of the Primary Term of this Lease, LESSEE shall have the option to extend all or any portion of this Lease for an additional term of five (5) years, which will serve to extend the Primary Term of this Lease to a total of ten (10) years. LESSEE shall exercise such option by tendering to LESSOR a payment in the amount of three thousand, eight hundred and fifty dollars (\$3,850.00) per net acre. LESSOR further grants LESSEE the exclusive option and right to extend this Lease, under the same terms and conditions contained herein. Such option may be exercised by LESSEE at any time prior to the end of the original five (5) year Primary Term by notifying LESSOR in writing that LESSEE is exercising its right to extend this Lease and contemporaneous with said notice LESSEE shall pay or tender to LESSOR the consideration set forth above. LESSOR agrees to allow LESSEE to file of record, a notice of LESSEE's exercise of the option to extend the Primary Term of this Lease.

21. **PRIOR LEASE PROVISION:** LESSOR warrants that LESSOR is not currently receiving any bonus, delay rental, including storage payments or production royalty or shut-in royalties as the result of the existence of any prior oil and gas lease or storage lease covering any or all of the Leased Premises; that the Leased Premises is not currently subject to any prior oil and gas lease or storage lease; and that there are no producing wells currently existing on the Leased Premises, or upon other lands within the boundaries of a drilling or production unit utilizing all or a part of the Leased Premises. LESSOR further warrants that there are no current surface operations being conducted upon the Leased Premises in preparation for the drilling of a well upon the Leased Premises and that may be construed as extending the terms of a prior oil and gas lease that covered the Leased Premises.

22. **WARRANTY OF TITLE:** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. If at any time during the primary or secondary term of this Lease, Lessor, or the owner of any portion of Lessor's interest covered by this Lease, takes the position that the Lease is no longer in force as to all or any portion of the land covered hereby or otherwise repudiates Lessee's rights granted under this Lease, the term of the Lease shall be extended for so long as such repudiation continues and for an additional 90 days after the termination of the repudiation, or if the issue is subject to a lawsuit or arbitration proceeding, until 90 days after the judgment, order, or arbitration award becomes final and no longer subject to appeal or rehearing. For the purposes of this Lease, the execution of a "top lease" or other lease covering the land during the term of this Lease shall be considered a repudiation of this Lease.

23. **SEVERABILITY:** This Lease shall in all circumstances be construed against invalidation, termination, or forfeiture. If any provision of this Lease shall be determined to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties expressly agree that in the event any provision of this Lease is determined to be invalid, illegal, and unenforceable or in conflict with the law of any jurisdiction, the provision shall be revised in such manner as to be valid, legal, and enforceable.

24. **MEMORANDUM OF LEASE:** Lessee reserves the right and option to file a Memorandum of Oil and Gas Lease in the county Recorder's Office which will in such event serve as constructive notice of the existence of this Lease.

25. **CURATIVE DOCUMENTS:** In the event any of the Leased Premises to this Lease are determined to be inaccurately described or in the event it is determined Lessor's ownership of said Leased Premises is owned in another capacity, other than described on this Lease, Lessor hereby covenants and agrees with Lessee to execute and deliver such other documents necessary to amend and ratify this Lease or take such further actions as Lessee may reasonably request, to carry out the intent of, and give effect to this Lease.

26. **ADDENDUM:** This lease has been modified by an ADDENDUM, which is attached and incorporated hereto and labeled Exhibit "B".

****Signatures Appear on the Next Page****

IN WITNESS WHEREOF, this lease is executed effective the date first above written, and upon execution shall be binding upon the signatory party whether or not the lease has been executed by all parties named herein as Lessor.

LESSOR(S)

INDIVIDUAL ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF _____

On this, the ____ day of _____, 2012, before me _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name (s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated _____, 2012, by and between _____ of _____ LESSOR (whether one or more) and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in _____ Township, _____ County, Commonwealth of Pennsylvania, bearing Parcel Number _____, bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: _____

On the East by lands of: _____

On the South by lands of: _____

On the West by lands of: _____

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing _____ acres, more or less, and said lands being more particularly described in Deed dated _____, by and between _____, Grantor and _____, Grantee, recorded in Book _____, Page _____, of the _____ County Recorder of Deeds Office.

HAL0014

EXHIBIT "B" - ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease

Dated: _____

By and between: _____

And

Halcón Energy Properties, Inc. a Delaware Corporation

In addition to provisions previously set forth in the attached Oil and Gas Lease, it is hereby agreed that:

1. **Conflict of Terms:** In the event of a conflict or inconsistency between the printed terms of this Lease and this addendum, the printed terms of this addendum shall control and be deemed to supersede the printed terms of the Lease.
2. **Commencement of Operations:** Commencement of operations shall be defined as Lessee having secured a drilling permit from the State and further entering upon leasehold with equipment necessary for the preparing of a well pad or commencing other activities necessary for the spudding of a well to be drilled, subsequently followed by a drilling rig for the spudding of the well to be drilled. Once commenced, and upon expiration of the primary term of this lease or any extension thereof, said operations shall not lapse for a period of greater than ninety (90) consecutive days prior to the completion of the well.
3. **Shut-In Limit:** Notwithstanding anything to the contrary herein, it is understood and agreed that this Lease may not be maintained in force for any period of time longer than three (3) consecutive years, or five (5) cumulative years, after the expiration of the primary term (or any extension of the primary term) hereof solely by this provision of the shut-in royalty clause. After the first consecutive year of the Leased Premises being shut-in during any given shut-in period, the shut-in royalty payment will be increased to twenty-five dollars (\$25.00) per acre per year for the duration of the shut-in period.
4. **Pooled Production Unit Limit:** If a well drilled is classified as a horizontal oil or gas well, drilled to any geologic formation whether oil or gas, then the maximum size of the pooled production unit shall not exceed six hundred and forty (640) contiguous acres, except said production unit may exceed six hundred and forty (640) contiguous acres, but in no event larger than one thousand, two hundred and eighty (1,280) contiguous acres, if the lateral extent of horizontal wellbores in said formation extend beyond the boundary of a six hundred and forty (640) contiguous acre unit, and/or in the event that a reasonably prudent operator would expect that the entire acreage within such larger unit will be effectively and efficiently developed and drained from a central pad site location. The pooled production unit shall, to the extent practicable, be parallel and centered on the lateral wellbores to be drilled within the unit. Lessor and Lessee agree to abide by any State pooling or unitization orders. Lessee shall not have the right to form a production unit larger than forty (40) acres for any vertical well.
5. **Pugh Clause:** In the event a pooled unit or units are created pursuant to the terms of this lease which encompasses lands located outside the leased premises and some, but not all, of the leased premises is included, then it is understood and agreed that the drilling or re-working operations on or production from a well located upon such pooled unit shall continue this lease in full force and effect under its terms but only as to that portion of the leased premises contained within such pooled units. For that portion of the lease not included in a unit or extended by any other provision of the lease at the end of the primary term, Lessee may extend the primary term for an additional period equal to the primary term by paying or tendering to Lessor, prior to the expiration of the primary term, an extension payment of Three Thousand Eight Hundred Fifty and 00/100 Dollars (\$3,850.00) per net mineral acre. If lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the effective date of this lease and continuing to the end of the extended primary term. If lessee elects not to exercise this option then at the end of the primary term and upon written notice of lessor, lessee shall surrender such portions of leased premises not contained within pooled units.

6. **Depth Restriction:** It is the intention of both Lessor and Lessee that the rights granted to the Leased Premises only apply to all depths located below one hundred (100) feet below the stratigraphic equivalent of the base of the Speechley Sandstone Formation. In the event Lessor chooses to lease any remaining rights reserved by Lessor under this Lease to any party other than lessee, then before any such lease Lessor shall provide Lessee with a written notice by certified mail setting forth all terms and conditions of such other lease, or a true copy of any lease. Lessee shall be afforded a period of ninety (90) calendar days following receipt of such written notice during which time Lessee may elect to exercise a right of first refusal to assume the obligations of lessee under such other lease on the same terms and conditions contained therein. Should Lessee so elect, Lessee shall notify Lessor in writing within such ninety (90) day period and submit therewith a lease to Lessor.
7. **Royalties Without Deduction:** Royalties shall be based on the price of oil, gas, and associated hydrocarbons sold by Lessee to purchaser, based on heating value, pursuant to volumes of oil, gas and associated hydrocarbons produced, as calculated at the wellhead. Royalties shall be paid without post-production deductions for the costs of producing, gathering, storing, separating, treating, dehydrating, compressing, transporting, or otherwise making the oil and/or gas produced from the Lease Premises ready for sale or use. Lessee may deduct Lessor's prorated shares of taxes, measured by volume, on the oil and/or gas royalty. It is understood and agreed that to the extent Lessee sells oil, gas or related hydrocarbons to an affiliate, the price upon which royalty shall be based shall be the greater of: a) the price paid by the affiliate; or b) the price that would have been received from a sale to an unaffiliated third party under a sales arrangement for like quantity, quality, term and at the same point of sale to the affiliate.
8. **Gas Storage:** Notwithstanding anything to the contrary contained in the Lease, Lessee is not granted any right whatsoever to use the Leasehold, or any portion thereof, for gas storage purposes. If Lessor wishes to enter into an agreement regarding gas storage using the Leased Premises with a third party, Lessor shall first give Lessee written notice of the identity of the third party, the price or the consideration for which the third party is prepared to offer, the effective date and closing date of the transaction and any other information respecting the transaction which Lessee believes would be material to the exercise of the offering. Lessor does hereby grant Lessee the first option and right to purchase the gas storage rights by matching and tendering to the Lessor any third party's offering. Nothing in this paragraph requires Lessor to give or sell such storage rights.
9. **Oil & Gas Only:** This Lease shall cover only oil and gas and related hydrocarbons that may be produced through the well bore, and all other minerals, including, but not limited to lignite, coal, uranium, sulfur, gravel, copper and metallic ores are not included in this Lease.
10. **Disposal Wells:** Notwithstanding anything to the contrary contained in the Lease, Lessee is not granted any right whatsoever to use the Leasehold, or any portion thereof, for construction and/or operation of any disposal well or water disposal facilities.
11. **Surface Operations Restricted:** No well shall be drilled, access road, tank battery, pipeline, or other facility constructed, nor any other surface operation conducted within five hundred (500) feet of any building, water well, spring or septic system without the written consent of the Lessor.
12. **Lessor's Approval of Operation Location:** Lessor shall be entitled to approve the location of any well, access roads, pipelines, or other surface use prior to their placement on the leasehold. Location approval shall not be unreasonably withheld, conditioned, or delayed by Lessor. Proposed surface use that does not otherwise violate the terms of this lease shall be presumed reasonable. Lessee shall provide Lessor with a site plan and request for Lessor's approval in writing, and Lessor shall have ten (10) business days from the receipt of said site plan to approve, in writing, the site plan or propose an alternative plan. Lessor's failure to respond shall constitute approval. Disagreements shall be referred to arbitration.
13. **Minimize Intrusion Into Crops:** Lessee agrees to plan surface operations in a manner that will reduce or minimize the intrusion to crop fields. In the event that such an intrusion cannot be avoided, Lessee shall compensate Lessor or Lessor's tenant for the damage or loss of growing crops at a current market value. When requested by Lessor, prior to the laying of any pipeline, Lessee shall bury Lessee's pipeline to a minimum depth of three (3) feet below the surface of the ground.
14. **Well Site Fee and Disturbed Acreage:** Should a well site be placed on the leasehold, Lessee agrees to pay Lessor a site fee in the amount of Twenty Five Thousand Dollars (\$25,000.00) in consideration of the surface property use necessary for one well pad and access road, said well pad and road not to exceed ten (10) acres in size. In the event Lessee physically and materially disturbs acreage for any roads, pipeline, or other surface installations other than the

forementioned well pad and one (1) access road per well pad, or should Lessee disturb more than ten (10) acres for said well pad and one (1) access road, Lessor shall be compensated at the rate of Three Thousand Dollars (\$3,000.00) for each net acre so disturbed.

15. No Regional or Foreign Equipment: Without a separate written agreement, pipelines, compressors, central processing facilities, water ponds or any other facility or surface installation that services wells other than wells drilled on the leasehold or on lands unitized with the leasehold will not be placed on the leasehold.
16. Payment in Lieu of Free Gas: In the event any well is drilled upon the Leased Premises or any portion thereof, and the Lessor is the owner of the surface where the well is located, and upon Lessor's written request, Lessee shall pay annually to Lessor in lieu of free gas a sum equal to One Thousand Dollars (\$1,000.00).
17. Pipeline - Plow Depth & Double-Ditch: Lessee shall bury all pipelines at a minimum depth of thirty-six (36) inches below ground level, measured from the top of the pipe, where possible, and use double-ditch method of soil replacement. Lessee shall construct or install all facilities in a manner which would minimize any related soil erosion.
18. Minimize Soil Erosion: Lessee shall construct or install all well sites, access roads and pipeline rights-of-way in a manner which would minimize any related soil erosion. Further, any related surface reclamation shall be done in a manner which restores said land as nearly to original contours as reasonably possible.
19. Replace Fences: Lessee shall promptly replace any fences and gates removed by Lessee during its operations on said land and further, shall construct gates on all access roads on said land upon written request by Lessor.
20. Fence Producing Wells: Upon written request from Lessor, Lessee shall: (a) fence all producing wells, tank batteries, pits, separators, drip stations, pump engines, and other equipment placed on the Lease Premises, with a fence capable of turning sheep, goats, and cattle; (b) keep the fences on the Lease Premises in good repair; and (c) keep all gates and fences closed at all times, or in lieu of gates, install cattle guards.
21. Timber: Lessee and Lessor agree that prior to the removal of any marketable timber resulting from Lessee's operations under the terms of this lease, Lessee shall provide thirty (30) days written notice to Lessor providing Lessor an opportunity to arrange for the harvesting of said timber within thirty (30) days of receipt of said notice. If Lessor does not exercise such right to harvest, an appraisal shall be constructed by a qualified third party forster and Lessee shall pay Lessor the said appraisal value prior to harvesting. In the event agreement is not reached as to value each party shall select an appraiser and the two appraisers shall select a third-party neutral appraiser who shall determine the value of the timber which will be paid by Lessee to prior to harvesting.
22. Restore Premises to Pre-drilling Conditions: On completion of any operation, Lessee shall restore the Lease Premises as nearly to original contours as reasonably possible, remove all debris, equipment, and personal property which Lessee placed on the Lease Premises (except for equipment needed for the operation of producing wells, which shall be removed within six (6) months [weather permitting] after a well permanently ceases to produce.)
23. Water: Lessee is not granted any right whatsoever to use any water, surface or subsurface, within the leasehold for its operations, including, but not limited to wells, ponds, streams, and creeks, unless Lessor should give written consent to do so. Lessee shall have Lessor's current water supply sampled and tested prior to spudding of any well drilled on the leased premises, or drilled on acreage unitized with the leasehold. Should Lessor experience a material adverse change in the quality or quantity of Lessor's water supply, during or after the completion of Lessee's drilling operations, Lessee shall, within forty-eight (48) hours of Lessor's written request, cause Lessor's water supply to be sampled and tested by a qualified and independent third party at Lessee's expense. Should such a test reflect a material adverse change as to water quality or quantity, then Lessee agrees to provide Lessor with potable water within forty-eight (48) hours and until such a time as Lessor's water source quality and quantity has been repaired or replaced with a source of substantially similar quality, to as close to pre-drilling status quo as reasonably possible, with all reasonably related costs of repair and maintenance to be paid by Lessee.
24. Hold Harmless: Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, environmental issues, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal. Lessee further covenants and agrees to defend any suits brought against Lessor on any claims and to pay any judgment against Lessor resulting from any suit or suits arising from Lessee's operations under the terms of this Lease. Lessor, if it so elects, shall

have the right to participate, at its sole expense, in its defense in any suit or suits in which it may be a party, without relieving Lessee of the obligation to defend Lessor. It is the intention of the Lessee and Lessor that Lessee shall not be liable to Lessor in respect of (and the foregoing indemnity shall not cover) any claim to the extent the same resulted from the gross negligence, willful misconduct or bad faith of the Lessor. Lessor shall be named as an additional insured on Lessee's liability insurance policy. Prior to the commencement of drilling operations, Lessee shall provide to Lessor, a certificate of evidence for liability, workman's compensation and disability insurance. The insurance required herein may be met through a combination of primary, excess, and self-insurance.

25. **Livestock Indemnity:** Lessee shall indemnify Lessor for any and all loss or liability resulting from injury or death to any livestock on the Leased Premises, which are owned by Lessor, Lessor's tenant or the surface owner, if Lessee or its operations are responsible for such injury or death.
26. **Governmental Programs:** Lessee agrees that if any penalty, rollback or re-capture of tax abatements created or imposed under any governmental program such as, but not limited to CREP, CRP and Clean and Green that is levied on Lessor solely as a result of Lessee's operations on Leased Premises, Lessee will reimburse Lessor upon written request and receipt of a copy of the penalty notice.
27. **Ad Valorem Taxes:** In the event there is a change in state and/or local law that provides for an increase in ad valorem taxes attributable to or resulting from the assessment of oil and gas due to oil and gas production from the Leased Premises, Lessor and Lessee agree to abide by the law and pay their proportional share accordingly.
28. **Warranty of Title:** It is understood that Lessor warrants title to said property only in respects that the title is good to the best of Lessor's knowledge and warrants title by, through, and under Lessor but no further. Lessee agrees that no claims will be made against Lessor pertaining to a general warranty of title.
29. **Audit Rights:** Lessee grants to Lessor the right annually to examine, audit, or inspect books, records, and accounts of Lessee pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Lessor, and for checking the amount of payments lawfully due the Lessor under the terms of this agreement. In exercising this right, Lessor shall give reasonable notice to Lessee of its intended audit and such audit shall be conducted during normal business hours at the local office of Lessee. Such examination and audit shall be at the sole cost and expense of Lessor, unless the audit reveals deficiencies or underpayments, at which time Lessee shall pay to Lessor, within thirty (30) days, for the cost of the audit and immediately reimburse any deficiencies plus interest at the rate of one and one-half percent (1.5%) per month.
30. **Arbitration:** Any questions concerning this Lease or performance there under shall be ascertained and determined by one neutral arbitrator, to be a licensed attorney with at least ten (10) years experience primarily with an oil and gas practice, to be selected by the parties hereto. In the event the parties cannot agree on an arbitrator within twenty (20) days of initiation of a dispute subject to this arbitration clause, then the parties shall have the American Arbitration Association select a qualified arbitrator consistent with the requirement above. The award of such arbitrator shall be final and conclusive. Arbitration proceedings hereunder shall be conducted at the county seat or the county where the Lease is filed, or in the county where the action occurred which caused the arbitration, or such other place as the parties to such arbitration shall all mutually agree upon. The law of the state in which the real property is located shall apply. Each party will share costs of the arbitrator equally.
31. **Notice of Assignment of Lease:** Lessee shall notify Lessor in writing if Lessee assigns all or a portion of this Lease, or an undivided interest therein, to a third party. Provided, however, that notice to the Lessor shall not be required in the event of an assignment by Lessee:
 - a. to an affiliate, subsidiary, or internal partners;
 - b. in consequence of a merger or amalgamation; or
 - c. of all or substantially all of its assets to a third party
32. **Limestone/Coal/Surface Mining:** Lessee agrees to conduct its operations on the leased premises so as not to unreasonably interfere with any limestone, coal or surface mining operations that may occur pursuant to any limestone, coal, or surface mining lease that Lessor has executed or will execute and covers the leased premises.

Lessor agrees to use reasonable efforts to work with Lessee so that Lessee's operations under this Lease are not unreasonably interfered with by operations under the limestone, coal or surface mining lease.

33. Notice of Breach: If Lessee violates, fails to perform, or breaches any material terms, covenants, or conditions in this Lease, Lessor shall notify Lessee in writing of such violation, failure or breach. Lessee shall have a period of sixty (60) days from the date of its receipt of Lessor's written notice, in which to remedy the material violation, failure or breach. If Lessee fails or refuses to remedy the material violation, failure or breach within the prescribed time period, Lessor may, at its sole option, terminate this Lease as to all of the lease premises.
34. DEP Compliance: Lessee's operations on said land shall be in accordance with regulations set forth by the Pennsylvania Department of Environmental Protection.
35. Release of Lease: Upon written request by Lessor and after termination, expiration, or surrender of this lease in whole or in part, Lessee shall, within thirty (30) days, provide Lessor with a copy of an appropriate release of lease and cause the same to be filed of record. Lessee's failure to timely file and provide the appropriate release shall be cause for Lessee to be liable for any reasonable costs or attorneys' fees incurred by Lessor should Lessor be forced to file suit to have any clouds on title cleared.

This addendum shall not affect the terms and conditions set forth in the attached Oil and Gas lease in any manner except as set forth herein.

LESSOR:

Print: _____

Print: _____

MEMORANDUM OF OIL AND GAS LEASE

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MERCER

THIS MEMORANDUM OF OIL AND GAS LEASE ("Memorandum"), dated this ____ day of _____, 2012 by and between _____ whose address is _____ hereinafter called Lessor, and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid and to be paid by Lessee to Lessor, set forth in that certain Oil and Gas Lease between Lessor and Lessee dated _____ (hereinafter referred to as the "Lease") does hereby grant, demise, lease and let exclusively unto Lessee the following described premises:

The lands covered by the Lease are situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

2. TO HAVE AND TO HOLD the Premises for a term of five (5) years from the effective date of the Lease (the "Primary Term") said effective date is October 18, 2012 and so much longer thereafter as oil, gas or coalbed methane gas or their constituents are produced or are capable of being produced on the Premises in paying quantities, or as the Premises shall be operated by Lessee in the search of oil, gas or coalbed methane gas as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease. Lessee shall have the option of extending the Primary Term an additional five (5) years from the expiration of the original primary term. Lessee also retains a preferential right to purchase a new lease during the term of the Lease as contained therein.

3. The covenants, provisions and conditions of this Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease and its Addendum to which covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

6. This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Lease. Should less than all of the named Lessors execute this Lease, this Lease shall be binding on only those who are signatories thereto.

IN WITNESS WHEREOF, the Lessor and Lessee have executed this Memorandum as of the day and year first above written.

LESSOR(S):

****Acknowledgement Appears on Next Page****

HAL0020

INDIVIDUAL ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF _____

On this, the _____ day of _____, 2012, before _____, the undersigned officer, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name (s) is/are subscribed to the within Instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

This instrument prepared by: Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002

When recorded return to: Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002

HAL0021

ORDER FOR PAYMENT

LEASE # _____

Lessee shall, subject to its inspection, approval of the surface, geology, and title, approval of any liens, encumbrances or mortgages against Lessor's title, and any other due diligence deemed necessary at the sole discretion of the Lessee, make payment to Lessor as indicated herein by check within 20 banking days of the execution of the Oil and Gas Lease associated herewith, as further described below. No default shall be declared for failure to make payment until 20 days after Lessee's receipt of written notice from Lessor of intention to declare such default. The right to receive this payment shall not be assigned, whether as collateral or otherwise. Nothing in this Order for Payment shall prohibit the Lessee from assigning some or all of its rights in and under the Oil and Gas Lease.

If the Lease referenced herein covers less than the entire undivided interest in the oil and gas or other rights in such land, then the dollar amount listed herein shall be paid to the Lessor only in the proportion which the interest in said lands covered by the Lease bears to the entire undivided interest therein. Further, should Lessor own more or less than the net interest defined herein, Lessee shall increase or reduce the dollar amount payable hereunder proportionately.

The Order for Payment shall be effective and binding only upon the due execution of the Lease by the Lessor and final title review by Lessee. Should Lessee's review of Lessor's title yield a material defect of title, Lessee may decline to accept the Lease prior to payment provided for herein, in such instance Lessor acknowledges that Lessee will not be obligated for the payment provided for herein. Lessee shall return the original Lease to Lessor upon notice of non-acceptance.

For collection, the original copy herein must be submitted directly to Lessee at the address below along with an executed original Oil and Gas Lease and W-9.

PAYEE (Lessor): _____	PAYEE (Co-eXprise): _____
Address: _____	Address: _____
Phone: () _____	Phone: () _____
The amount of: (\$____) _____ Dollars	The amount of: (\$____) _____ Dollars

This payment represents bonus consideration for a _____ year paid-up Oil and Gas Lease dated _____, 2012 covering lands situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

Estimated Gross Acres: _____ Estimated Net Acres: _____ \$ Per Net Acre: \$ _____

PAYOR:
Haloön Energy Properties, Inc. a Delaware
Corporation, 1000 Louisiana St., Suite 6700, Houston,
Texas 77002

Accepted this _____ day of _____, 2012,

Lessor: _____

SS#/Tax ID#: _____

Driver's License#: _____

Lessor: _____

SS#/Tax ID#: _____

Driver's License#: _____

PAYMENT DIRECTION:

The above-referenced Lessor hereby represents to Lessee that Lessor has entered into a Marketplace Agreement with Co-eXprise, Inc. ("Co-eXprise") and Moraszyk & Polachuk, Attorneys at Law ("M&P") ("Agreement") pursuant to which Lessor has agreed to pay Co-eXprise and M&P fees based on a percentage of the total bonus payment (the "Bonus Fee"). By signing this Order for Payment, you are hereby ratifying the Agreement. At the request of Co-eXprise, M&P, and Lessor to help facilitate the payment of such fees to Co-eXprise and M&P, Lessor hereby authorizes and directs Lessee to pay the Bonus Fee referenced in the Order of Payment directly to Co-eXprise on the same date hereof and as indicated herein.

LESSOR HEREBY ACKNOWLEDGES THAT LESSEE IS NOT A PARTY TO THE MARKETPLACE AGREEMENT AND SHALL HAVE NO LIABILITY UNDER SUCH MARKETPLACE AGREEMENT, AND ACCORDINGLY, AGREES TO INDEMNIFY AND DEFEND LESSEE AND ITS AFFILIATES FROM ANY AND ALL CLAIMS RELATED IN ANY MANNER WHATSOEVER TO THE MARKETPLACE AGREEMENT OR THE CO-EXPRIS FEE.

This Order for Payment expires one (1) year from date of issuance, unless paid sooner, terminated or replaced by Lessee.
FOR OFFICE USE ONLY

Date Received: _____

Date Due: _____

Prospect: _____

Deck #: _____

Approved by: _____

Date: _____

Date Paid: _____

Check #: _____

HAL0022

ORDER FOR PAYMENT

LEASE # CXMP10516

Lessee shall, subject to its inspection, approval of the surface and title, approval of any liens, encumbrances or mortgages against Lessor's title, and any other due diligence deemed necessary at the sole discretion of the Lessee, make payment to Lessor as indicated herein by check within ninety (90) banking days of the execution of the Oil and Gas Lease associated herewith, as further described below. No default shall be declared for failure to make payment until twenty (20) days after Lessee's receipt of written notice from Lessor of intention to declare such default. The right to receive this payment shall not be assigned, whether as collateral or otherwise. Nothing in this Order for Payment shall prohibit the Lessee from assigning some or all of its rights in and under the Oil and Gas Lease.

If the Lease referenced herein covers less than the entire undivided interest in the oil and gas or other rights in such land, then the dollar amount listed herein shall be paid to the Lessor only in the proportion which the interest in said lands covered by the Lease bears to the entire undivided interest therein. Further, should Lessor own more or less than the net interest defined herein, Lessee shall increase or reduce the dollar amount payable hereunder proportionately.

The Order for Payment shall be effective and binding only upon the due execution of the Lease by the Lessor and final title review by Lessee. Should Lessee's review of Lessor's title yield a material defect of title, Lessee may decline to accept the Lease prior to payment provided for herein, in such instance Lessor acknowledges that Lessee will not be obligated for the payment provided for herein. Lessee shall return the original Lease to Lessor upon notice of non-acceptance.

For collection, the original copy herein must be submitted directly to Lessee at the address below along with an executed original Oil and Gas Lease and W-9.

PAYEE (Lessor): Jeffrey S. Vodenichar

Address: 7133 Country Club Road

Butler, PA 16001

Phone: 724-355-4702

The amount of: \$976,564.82

PAYEE (Co-Exprise): Co-Exprise, Inc.

Address: 6021 Wallace Rd. Extension, Suite 300

Wexford, PA 15090

Phone: (724) 933-1311

The amount of: \$84,918.68

REDACTED

This payment represents bonus consideration for a Five (5) year paid-up Oil and Gas Lease dated June 27, 2012 covering lands situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

Estimated Gross Acres: 275.71

Estimated Net Acres: 275.71

\$ Per Net Acre Lessor: \$3,542.00

\$ Per Net Acre Co-Exprise: \$308.60

PAYOR:

Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002

Accepted this 27 day of June, 2012,

Lessor: Jeffrey S. Vodenichar
Jeffrey S. Vodenichar

SS#/Tax ID#:

Driver's License#:

Lessor:

SS#/Tax ID#:

Driver's License#:

☐ Check Box if Additional Signature Page is Attached.

PAYMENT DIRECTION:

The above-referenced Lessor hereby represents to Lessee that Lessor has entered into a Marketplace Agreement with Co-Exprise, Inc. ("Co-Exprise") and Moraszyk & Polachak, Attorneys at Law ("M&P") ("Agreement") pursuant to which Lessor has agreed to pay Co-Exprise and M&P fees based on a percentage of the total bonus payment (the "Bonus Fee"). By signing this Order for Payment, you are hereby ratifying the Agreement. At the request of Co-Exprise, M&P, and Lessor to help facilitate the payment of such fees to Co-Exprise and M&P, Lessor hereby authorizes and directs Lessee to pay the above Bonus Fee referenced in the Order of Payment directly to Co-Exprise on the same date hereof and as indicated herein.

LESSOR HEREBY ACKNOWLEDGES THAT LESSEE IS NOT A PARTY TO THE MARKETPLACE AGREEMENT AND SHALL HAVE NO LIABILITY UNDER SUCH MARKETPLACE AGREEMENT, AND ACCORDINGLY, AGREES TO INDEMNIFY AND DEFEND LESSEE AND ITS AFFILIATES FROM ANY AND ALL CLAIMS RELATED IN ANY MANNER WHATSOEVER TO THE MARKETPLACE AGREEMENT OR THE CO-EXPRIS FEE.

This Order for Payment expires one (1) year from date of issuance, unless paid sooner, terminated or replaced by Lessee.

FOR OFFICE USE ONLY

Date Received:

Date Due:

Prospect:

Approved by:

Date Paid:

Deck #:

Date:

Check #:

COPY

EXHIBIT

3

EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

Lease No. CXMP10616

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated June 27, 2012, by and between Jeffrey S. Vodenlchar of 7133 Country Club Road, Butler, PA 16001, LESSOR (whether one or more) and Halcón Energy Properties, Inc, a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 075 019 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 075 010

On the East by lands of: 19 075 019 001 001

On the South by lands of: 19 075 023

On the West by lands of: 19 075 018 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 80.41 acres, more or less, and said lands being more particularly described in Deed dated 9/18/2006, by and between Jeffery S. Vodenlchar, Grantor, and Jeffery S. Vodenlchar, Grantee, recorded in Book 2006, Page 14166, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

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EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

Lease No. CXMP10516

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated June 21, 2012, by and between Jeffrey S. Vodenichar of 7133 Country Club Road, Butler, PA 16001, LESSOR (whether one or more) and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 074 041 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 074 020

On the East by lands of: 19 075 018 001

On the South by lands of: 19 074 041 005

On the West by lands of: 19 074 040 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 60.9 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2006, by and between Jeffrey S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffrey S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

VOID

EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

Lease No. CXMP10516

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated June 27, 2012, by and between Jeffrey S. Vodenichar of 7133 Country Club Road, Butler, PA 16001, LESSOR (whether one or more) and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 002 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 023

On the East by lands of: 19 062 024

On the South by lands of: 19 075 001

On the West by lands of: 19 074 020.003

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 100.0 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2006, by and between Jeffrey S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffrey S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

VOID

EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

Lease No. CXMP10516

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated June 27 2012, by and between Jeffrey S. Vodenchar of 7133 Country Club Road, Butler, PA 16001, LESSOR (whether one or more) and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 022

On the East by lands of: 19 062 024

On the South by lands of: 19 062 023 002

On the West by lands of: 19 061 077

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 34.4 acres, more or less, and said lands being more particularly described in Deed dated 7/18/2005, by and between William A. Burrows and Cynthia A Burrows, Grantor, and Jeffrey S. Vodenchar, Grantee, recorded in Book 2005, Page 11482, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

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OIL AND GAS LEASE
PAID-UP LEASE

Lease No. CXMP10516

THIS OIL AND GAS LEASE (the "Lease") made and entered into this 27th day of June, 2012, by and between Jeffrey S. Vodenichar, whose address is 7133 Country Club Road, Butler, PA 16001, (whether one or more, the "LESSOR"), and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, ("LESSEE").

1. **GRANTING CLAUSE:** LESSOR, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration paid by LESSEE, the receipt of which is hereby acknowledged, and the covenants and agreements contained in this Lease, grants, leases and lets exclusively to LESSEE, its successors and assigns, all the oil and gas, including but not limited to coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from or produced/originating within any formation, gob area, mined out area, coal seams and all communicating zones, and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased (whether one or more, "Oil and Gas"). The Lease is granted for any or all of the following purposes: exploring for by geophysical, geological, seismic, and other methods, including core drilling, drilling, operating for, developing, producing, removing, transporting and marketing Oil and Gas; the right to stimulate all coal seams or other strata or formations using any and all methods and technology available at the time of stimulation; the right to conduct surveys (including geophysical and seismic surveys); to transport by pipelines or otherwise across and through the Leased Premises Oil and Gas from the lands covered by the Lease, or from lands unitized or pooled therewith, for so long as the transportation of such production may be desired by LESSEE; the placing of tanks, equipment, electric power lines, telephone lines, water lines, impoundments and ponds, compression and collection facilities, roads and structures for the production of Oil and Gas, together with the right to enter into and upon the lands covered by the Lease, or upon lands unitized or pooled therewith, at all times for the aforesaid purposes, and the right to conduct secondary or tertiary recovery operations by injecting gas, water and other fluids or air into subsurface strata. Any equipment or pipelines from other wells not located on such lands or on lands unitized or pooled therewith shall be approved by LESSOR in writing.

2. **DESCRIPTION OF THE LEASED LANDS:** The lands covered by the Lease are situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

3. **TERM OF LEASE:** This Lease shall continue in force for a term of five (5) years from the effective date of this Lease (the "Primary Term"), said effective date is October 18, 2012, and as long thereafter as operations are conducted on the Leased Premises with no cessation for more than one hundred twenty (120) consecutive days, or as long thereafter as there are well(s) producing Oil and Gas in paying quantities or well(s) capable of producing Oil and Gas in paying quantities from the Leased Premises or from lands unitized or pooled therewith. In the sole judgment of LESSEE, or as the Leased Premises shall be operated by LESSEE or as otherwise maintained in full force and effect pursuant to the other provisions in this Lease. For purposes of this Lease, the word "operations" shall be defined as any one or more of the following: Making applications for any necessary permits required for operations, grading or preparation of a drill site; the placement of a drilling rig on a drill site location on the Leased Premises or any land unitized or pooled therewith; and the actual commencement of the drilling of either the vertical or the lateral portion, as the case may be, of any well upon the Leased Premises or lands unitized or pooled therewith. "Operations" also includes any testing, completing, fracturing, stimulating, reworking, recompleting, deepening, plugging back or repairing of a well in search for or with the intention of obtaining production of Oil and Gas, whether or not ultimately produced in paying quantities.

4. **PAID-UP LEASE:** This Lease is a Paid-Up Lease and shall not require the payment of any annual delay rentals to maintain the Lease in full force and effect during the Primary Term hereof. The lease bonus paid to the Lessor for the Lease shall constitute sufficient consideration for the Lease paid to Lessor whether the acreage covered by the Lease is later determined to be more acreage or less acreage by a resurvey or otherwise.

5. **ROYALTY PAYMENTS:** LESSEE covenants and agrees:

(A) For oil, to pay LESSOR eighteen and one-half percent (18.5%) of the net amount paid to Lessee for all oil produced, saved and sold from the Leased Premises. Payment of royalty for oil marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership.

(B) For gas and other hydrocarbons produced with gas, to pay LESSOR, as royalty for the gas, saved and sold from the Leased Premises, eighteen and one-half percent (18.5%) of the net amount realized by LESSEE for the sale and delivery of such gas. Payment of royalty for gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership.

Any royalty payments to be made by LESSEE to LESSOR on any Oil and Gas produced from the Leased Premises and when sold by LESSEE shall be based on the net amount realized by LESSEE, computed at the mouth of the well.

(C) There shall be no deductions from the royalty payments in (A) and (B) above for any costs of production, including exploring or surveying the Leased Premises for Oil and Gas, or installing, drilling, completing, equipping and producing a well. However, such royalty payments shall be less LESSOR's pro-rata share of post-production costs. Post-production costs include, without limitation, (i) all costs actually incurred by LESSEE and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale by LESSEE; (ii) all costs of gathering, marketing, compression, dehydration, transportation, processing and removal of liquid hydrocarbons, and other liquids or gaseous substances or impurities from the production; and (iii) any other treatment or processing required by the purchaser or to otherwise market and sell gas, oil or any other hydrocarbons or substances produced with oil or gas. LESSEE also may deduct from royalty payments LESSOR's prorata share of any tax imposed by any government body that is levied upon the value of production or the severance of Oil and Gas from the Leased Premises.

6. **ADDRESS FOR NOTICES OR PAYMENTS:** All notices or payments due under this Lease shall be delivered, paid or tendered to LESSOR at the address shown above or to the credit of LESSOR through LESSOR's agent as follows: _____, and such agent shall continue as LESSOR's agent to receive any and all sums payable under this Lease regardless of changes in ownership in the Leased Premises, or in the Oil and Gas or in the royalties payable under this Lease until delivery to LESSEE of notice of change of ownership. No change of ownership in the Leased Premises or in the royalties payable under this Lease shall be binding on LESSEE until sixty

Page 1

This document was prepared by and when recorded return to:
Halcón Energy Properties, Inc.,
1000 Louisiana St., Suite 6700, Houston, Texas 77002

PA OGL-PU 6.5.2012 - MJ4

(60) days after a notice is delivered to LESSEE, duly signed by the parties, including a certified copy of the instruments of conveyance or assignment to such new owner, which have been properly filed of record.

7. CESSATION OF OPERATIONS OR PRODUCTION / CONTINUOUS OPERATIONS: If, at or after the expiration of the Primary Term, this Lease is not otherwise being maintained, but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the Leased Premises, or on acreage unitized or pooled therewith, this Lease shall remain in effect so long as operations are conducted with no cessation of more than one hundred twenty (120) consecutive days, and if such operations result in the production of Oil and Gas, as long thereafter as there is production from the Leased Premises or from acreage unitized or pooled therewith. If, after the expiration of the Primary Term, Lessee drills a dry hole on the Leased Premises or if all production of Oil and Gas should permanently cease from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall remain in effect if Lessee commences drilling, reworking or other operations on the Leased Premises, or upon lands unitized or pooled therewith, within one hundred twenty (120) days thereafter.

8. SHUT-IN PROVISION: If, at any time or from time to time, after the Primary Term, there is a well on the Leased Premises, or on lands unitized or pooled therewith, capable of producing Oil and Gas in paying quantities, but which is shut-in, because of lack of market, market facilities, transportation constraints, pipeline facilities repairs or pipeline replacement, such well shall be considered for all purposes and under all provisions of this Lease to be a well producing in paying quantities and this Lease shall remain in full force and effect. In such event, and if this Lease is not then being maintained in force and effect under the other provisions hereof, Lessee covenants and agrees to pay or tender to Lessor, as a shut-in royalty, the sum of \$5.00 per net acre per annum for each acre covered by this Lease. The first payment shall be due and payable on or before ninety (90) days after the date on which, (1) said well is shut-in, or (2) the Leased Premises or any portion thereof is included in a unitized or pooled unit on which a shut-in well is located, or (3) the Lease ceases to be otherwise maintained as provided herein, whichever is the later date and thereafter at annual intervals in a similar amount on or before the anniversary of the date the first payment is due, unless the Lease is then being maintained in force and effect as provided herein. No additional payments shall be required if there is more than one shut-in well on the Leased Premises or on lands unitized or pooled therewith. At the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled but is awaiting completion shall be deemed a well capable of producing in paying quantities for the purposes of the payment of shut-in royalties under this Lease, and the date the drilling rig is released from the well shall be the date the well is considered to be shut-in. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. POOLING and UNITIZATION: Lessor further grants to Lessee, his heirs and assigns, the right to unitize this lease or any part thereof with other leases to form a drilling unit or units, at Lessee's discretion, provided that the resulting drilling unit(s) conforms with the rules and regulations of the authority having jurisdiction with respect to the proper development and conservation of the field. In the event this lease is so unitized, this lease shall continue so long as the Lessee is engaged in the production of or search for oil and/or gas on the Leased Premises or lands pooled therewith and the Lessor agrees to accept, in lieu of the royalty hereinabove recited, such proportion of the royalty as the acreage that this lease bears to the total acreage comprising the drilling unit.

10. PROPORTIONATE REDUCTION: In the event LESSOR owns a lesser interest in the Oil and Gas in the Leased Premises or any part thereof than the entire and undivided fee simple, then the royalties, shut-in royalty payment and/or all other payments provided for shall be paid to LESSOR only in the proportion which such interest bears to the whole and undivided fee simple estate therein.

11. ASSIGNMENT RIGHTS / PAYOFF LIENS: LESSEE shall have the right to assign and transfer this Lease in whole or in part at anytime. LESSOR agrees that when and if this Lease is assigned, the assigning LESSEE shall have no further obligations to LESSOR. LESSOR further grants to LESSEE, for the protection of LESSEE's interest hereunder, the right to pay and satisfy or reduce, either before or after maturity, any tax, judgment, claim, lien or mortgage against LESSOR's interest in the Leased Premises and upon any such payment to become subrogated to the rights of such claimant, lien holder or mortgagee, and the right to deduct amounts so paid from all royalties or other payments payable or which may become payable to LESSOR and/or LESSOR's assigns under this Lease.

12. SURFACE OPERATIONS: LESSEE shall repair and restore the surface of the Leased Premises, as a result of Lessee's operations, to as close as reasonably practical the condition in which the Leased Premises existed at the time of the commencement of drilling operations, and such restoration and reclamation shall be commenced within one (1) year after the conclusion of completion operations on any well drilled on the Leased Premises, weather permitting. When required by LESSOR, LESSEE will bury all pipelines below ordinary plow depth or a minimum of 18", and no well shall be drilled within two hundred (200) feet of any residence or barn now on the Leased Premises without LESSOR's prior consent.

13. LESSOR RESTRICTIONS: LESSOR agrees to abide by all reasonable safety policies of LESSEE with respect to LESSEE's operations, including but not limited to the following: No dwellings or structures of any kind shall be erected or moved on a drilling location within one hundred feet (100') of a well, tank battery or other related facility or appurtenance, or within twenty-five feet (25') of LESSEE's pipelines.

14. LESSEE'S RIGHTS: LESSEE shall have the right to use oil, gas, coalbed methane gas, water, and/or minerals for operating on the Leased Premises and the right at any time during or after the expiration of this Lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the Leased Premises. LESSEE shall have the right to release this Lease or any portion thereof at anytime by giving written notice to LESSOR describing the portion which it elects to surrender as to area or depth or formation, or by returning the Lease to LESSOR with the endorsement of surrender thereof, or by recording the release or partial release of this Lease, any of which shall be a full and legal surrender of this Lease as to all of the Leased Premises or such portion thereof as the release shall indicate, and any payments due under this Lease based on net acres shall be reduced in proportion to the acreage surrendered. As to any portion of the Lease or Leased Premises so surrendered, Lessee shall have reasonable and convenient easements for any existing wells, pipelines, roadways and other facilities on the lands surrendered. LESSOR expressly acknowledges and agrees that there shall further be no covenant to develop the Leased Premises.

15. EXISTING WELLS EXCEPTED: LESSOR excepts and reserves from this Lease any and all existing well(s) that may be situated on the Leased Premises. LESSEE shall not be responsible for any liabilities, including environmental or plugging obligations associated with said well(s).

16. FORCE MAJEURE: In the event LESSEE is unable to perform any of the acts of LESSEE by reason of force majeure, including but not limited to acts of God, adverse weather conditions, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, the issuance of permits to drill or other state or federal orders or moratoriums related to drilling operations, or the inability to obtain a satisfactory market or pipelines or transportation for the sale of production, or the failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within LESSEE's control, this Lease

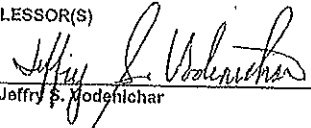
shall remain in full force and effect until LESSEE can reasonably perform said act or acts or to remove the restriction causing the delay and in no event shall this Lease expire for a period of ninety (90) days after the termination or elimination of such force majeure event.

17. **INDEMNIFICATION:** LESSEE agrees to indemnify, protect, save harmless and defend LESSOR from and against any loss, claim or expense, including without limitation claims for injury or death to persons or damage to property occurring as a result of LESSEE's use of the Leased Premises, or as a result of loss, expense, injury, death or damage which would not have occurred but for LESSEE's use of the Leased Premises, except to the extent any such damage or injury is caused in whole or in part by LESSOR's negligence, gross negligence or intentional acts.
18. **NOTICE:** In the event of any default or alleged default by LESSEE in the performance of any of its obligations under this Lease, LESSOR shall notify LESSEE in writing setting out specifically in what respects LESSEE has breached this Lease. LESSEE shall then have sixty (60) days after receipt of said notice within which to dispute such alleged default or to meet or commence to meet all or any part of the default alleged by LESSOR. The service of said notice shall be precedent to the bringing of any action by LESSOR arising out of or related to this Lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on LESSEE. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform any or all of its obligations under this Lease. All notices to LESSEE provided for in this Lease shall be sent by certified mail return receipt requested to LESSEE at LESSEE's address provided on Page One (1) of this Lease.
19. **PREFERENTIAL RIGHT TO PURCHASE:** In the event LESSOR, during the term of this Lease, receives a bona-fide offer which LESSOR is willing to accept from any party offering to pay LESSOR for an oil and gas lease covering any or all of the substances covered by this Lease and covering all or a portion of the Leased Premises, LESSOR agrees to notify LESSEE in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. LESSEE, for a period of fifteen (15) days after receipt of the notice by certified return receipt mail, shall have the prior and preferred right and option to acquire from LESSOR a lease or other rights covering all or part of the Leased Premises at the price and according to the terms and conditions specified in the offer. If LESSEE does not respond within said fifteen (15) day notice period, it will be deemed that LESSEE waives its rights with regard to such offer.
20. **EXTENSION OF LEASE:** Prior to the expiration of the Primary Term of this Lease, LESSEE shall have the option to extend all or any portion of this Lease for an additional term of five (5) years, which will serve to extend the Primary Term of this Lease to a total of ten (10) years. LESSEE shall exercise such option by tendering to LESSOR a payment in the amount of three thousand, eight hundred fifty dollars (\$3,850.00) per net acre. LESSOR further grants LESSEE the exclusive option and right to extend this Lease, under the same terms and conditions contained herein. Such option may be exercised by LESSEE at any time prior to the end of the original five (5) year Primary Term by notifying LESSOR in writing that LESSEE is exercising its right to extend this Lease and contemporaneous with said notice LESSEE shall pay or tender to LESSOR the consideration set forth above. LESSOR agrees to allow LESSEE to file of record, a notice of LESSEE's exercise of the option to extend the Primary Term of this Lease.
21. **PRIOR LEASE PROVISION:** LESSOR warrants that LESSOR is not currently receiving any bonus, delay rental, including storage payments or production royalty or shut-in royalties as the result of the existence of any prior oil and gas lease or storage lease covering any or all of the Leased Premises; that the Leased Premises is not currently subject to any prior oil and gas lease or storage lease; and that there are no producing wells currently existing on the Leased Premises, or upon other lands within the boundaries of a drilling or production unit utilizing all or a part of the Leased Premises. LESSOR further warrants that there are no current surface operations being conducted upon the Leased Premises in preparation for the drilling of a well upon the Leased Premises and that may be construed as extending the terms of a prior oil and gas lease that covered the Leased Premises.
22. **WARRANTY OF TITLE:** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. If at any time during the primary or secondary term of this Lease, Lessor, or the owner of any portion of Lessor's interest covered by this Lease, takes the position that the Lease is no longer in force as to all or any portion of the land covered hereby or otherwise repudiates Lessee's rights granted under this Lease, the term of the Lease shall be extended for so long as such repudiation continues and for an additional 90 days after the termination of the repudiation, or if the issue is subject to a lawsuit or arbitration proceeding, until 90 days after the judgment, order, or arbitration award becomes final and no longer subject to appeal or rehearing. For the purposes of this Lease, the execution of a "top lease" or other lease covering the land during the term of this Lease shall be considered a repudiation of this Lease.
23. **SEVERABILITY:** This Lease shall in all circumstances be construed against invalidation, termination, or forfeiture. If any provision of this Lease shall be determined to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties expressly agree that in the event any provision of this Lease is determined to be invalid, illegal, and unenforceable or in conflict with the law of any jurisdiction, the provision shall be revised in such manner as to be valid, legal, and enforceable.
24. **MEMORANDUM OF LEASE:** Lessee reserves the right and option to file a Memorandum of Oil and Gas Lease in the county Recorder's Office which will in such event serve as constructive notice of the existence of this Lease.
25. **CURATIVE DOCUMENTS:** In the event any of the Leased Premises to this Lease are determined to be inaccurately described or in the event it is determined Lessor's ownership of said Leased Premises is owned in another capacity, other than described on this Lease, Lessor hereby covenants and agrees with Lessee to execute and deliver such other documents necessary to amend and ratify this Lease or take such further actions as Lessee may reasonably request, to carry out the intent of, and give effect to this Lease.
26. **ADDENDUM:** This lease has been modified by an ADDENDUM, which is attached and incorporated hereto and labeled Exhibit "B".

****Signatures Appear on the Next Page****

IN WITNESS WHEREOF, this lease is executed effective the date first above written, and upon execution shall be binding upon the signatory party whether or not the lease has been executed by all parties named herein as Lessor.

LESSOR(S)


Jeffrey S. Vodenichar

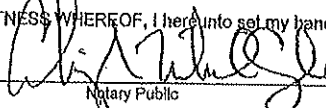
ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MERCER

On this, the 27th day of June, 2012, before me, the undersigned officer, personally appeared Jeffrey S. Vodenichar, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notary Seal
Christopher Michael Coyte, Notary Public
Harrisville Road, Butler County
My Commission Expires April 7, 2015
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

EXHIBIT "B" - ADDENDUM

Attached to and made a part of that certain Oil and Gas Lease

Dated: 6/27/12

By and between: Jeffry S. Vodenichar

And

Halcón Energy Properties, Inc. a Delaware Corporation

In addition to provisions previously set forth in the attached Oil and Gas Lease, it is hereby agreed that:

1. **Conflict of Terms:** In the event of a conflict or inconsistency between the printed terms of this Lease and this addendum, the printed terms of this addendum shall control and be deemed to supersede the printed terms of the Lease.
2. **Commencement of Operations:** Commencement of operations shall be defined as Lessee having secured a drilling permit from the State and further entering upon leasehold with equipment necessary for the preparing of a well pad or commencing other activities necessary for the spudding of a well to be drilled, subsequently followed by a drilling rig for the spudding of the well to be drilled. Once commenced, and upon expiration of the primary term of this lease or any extension thereof, said operations shall not lapse for a period of greater than ninety (90) consecutive days prior to the completion of the well.
3. **Shut-In Limit:** Notwithstanding anything to the contrary herein, it is understood and agreed that this Lease may not be maintained in force for any period of time longer than three (3) consecutive years, or five (5) cumulative years, after the expiration of the primary term (or any extension of the primary term) hereof solely by this provision of the shut-in royalty clause. After the first consecutive year of the Leased Premises being shut-in during any given shut-in period, the shut-in royalty payment will be increased to twenty-five dollars (\$25.00) per acre per year for the duration of the shut-in period.
4. **Pooled Production Unit Limit:** If a well drilled is classified as a horizontal oil or gas well, drilled to any geologic formation whether oil or gas, then the maximum size of the pooled production unit shall not exceed six hundred and forty (640) contiguous acres, except said production unit may exceed six hundred forty (640) contiguous acres, but in no event larger than one thousand, two hundred eighty (1,280) contiguous acres. If the lateral extent of horizontal wellbores in said formation extend beyond the boundary of a six hundred forty (640) contiguous acre unit, and/or in the event that a reasonably prudent operator would expect that the entire acreage within such larger unit will be effectively and efficiently developed and drained from a central pad site location. The pooled production unit shall, to the extent practicable, be parallel and centered on the lateral wellbores to be drilled within the unit. Lessor and Lessee agree to abide by any State pooling or unitization orders. Lessee shall not have the right to form a production unit larger than forty (40) acres for any vertical well.
5. **Pugh Clause:** In the event a pooled unit or units are created pursuant to the terms of this lease which encompasses lands located outside the leased premises and some, but not all, of the leased premises is included, then it is understood and agreed that the drilling or re-working operations on or production from a well located upon such pooled unit shall continue this lease in full force and effect under its terms but only as to that portion of the leased premises contained within such pooled units. For that portion of the lease not included in a unit or extended by any other provision of the lease at the end of the primary term, Lessee may extend the primary term for an additional period equal to the primary term by paying or tendering to Lessor, prior to the expiration of the primary term, an extension payment of Three Thousand Eight Hundred Fifty and 00/100 Dollars (\$3,850.00) per net mineral acre. If Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the effective date of this lease and continuing to the end of the extended primary term. If Lessee elects not to exercise this option then at the end of the primary term and upon written notice of Lessor, Lessee shall surrender such portions of leased premises not contained within pooled units.
6. **Depth Restriction:** It is the intention of both Lessor and Lessee that the rights granted to the Leased Premises only apply to all depths located below one hundred (100) feet below the stratigraphic equivalent of the base of the Speechley Sandstone Formation. In the event Lessor chooses to lease any remaining rights reserved by Lessor under this Lease to any party other than Lessee, then before any such lease Lessor shall provide Lessee with a written notice by certified mail setting forth all terms and conditions of such other lease, or a true copy of any lease. Lessee shall be afforded a period of ninety (90) calendar days following receipt of such written notice during which time Lessee may elect to exercise a right of first refusal to assume the obligations of Lessee under such other lease on the same terms and conditions contained therein. Should Lessee so elect, Lessee shall notify Lessor in writing within such ninety (90) day period and submit therewith a lease to Lessor.
7. **Royalties Without Deduction:** Royalties shall be based on the price of oil, gas, and associated hydrocarbons sold by Lessee to purchaser, based on heating value, pursuant to volumes of oil, gas and associated hydrocarbons produced, as calculated at the wellhead. Royalties shall be paid without post-production deductions for the costs of producing, gathering, storing, separating, treating, dehydrating, compressing, transporting, or otherwise making the oil and/or gas produced from the Lease Premises ready for sale or use. Lessee may deduct Lessor's prorated shares of taxes, measured by volume, on the oil and/or gas royalty. It is understood and agreed that to the extent Lessee sells oil, gas or related hydrocarbons to an affiliate, the price upon which royalty shall be based shall be the greater of: a) the price paid by the affiliate; or b) the price that would have been received from a sale to an unaffiliated third party under a sales arrangement for like quantity, quality, term and at the same point of sale to the affiliate.
8. **Gas Storage:** Notwithstanding anything to the contrary contained in the Lease, Lessee is not granted any right whatsoever to use the Leasehold, or any portion thereof, for gas storage purposes. If Lessor wishes to enter into an agreement regarding gas storage using the Leased Premises with a third party, Lessor shall first give Lessee written notice of the identity of the third party, the price or the consideration for which the third party is prepared to offer, the effective date and closing date of the transaction and any other information respecting the transaction which Lessee believes would be material to the exercise of

the offering. Lessor does hereby grant Lessee the first option and right to purchase the gas storage rights by matching and tendering to the Lessor any third party's offering. Nothing in this paragraph requires Lessor to give or sell such storage rights.

9. Oil & Gas Only: This Lease shall cover only oil and gas and related hydrocarbons that may be produced through the well bore, and all other minerals, including, but not limited to lignite, coal, uranium, sulfur, gravel, copper and metallic ores are not included in this Lease.
10. Disposal Wells: Notwithstanding anything to the contrary contained in the Lease, Lessee is not granted any right whatsoever to use the Leasehold, or any portion thereof, for construction and/or operation of any disposal well or water disposal facilities.
11. Surface Operations Restricted: No well shall be drilled, access road, tank battery, pipeline, or other facility constructed, nor any other surface operation conducted within five hundred (500) feet of any building, water well, spring or septic system without the written consent of the Lessor.
12. Lessor's Approval of Operation Location: Lessor shall be entitled to approve the location of any well, access roads, pipelines, or other surface use prior to their placement on the leasehold. Location approval shall not be unreasonably withheld, conditioned, or delayed by Lessor. Proposed surface use that does not otherwise violate the terms of this lease shall be presumed reasonable. Lessee shall provide Lessor with a site plan and request for Lessor's approval in writing, and Lessor shall have ten (10) business days from the receipt of said site plan to approve, in writing, the site plan or propose an alternative plan. Lessor's failure to respond shall constitute approval. Disagreements shall be referred to arbitration.
13. Minimize Intrusion Into Crops: Lessee agrees to plan surface operations in a manner that will reduce or minimize the intrusion to crop fields. In the event that such an intrusion cannot be avoided, Lessee shall compensate Lessor or Lessor's tenant for the damage or loss of growing crops at a current market value. When requested by Lessor, prior to the laying of any pipeline, Lessee shall bury Lessee's pipeline to a minimum depth of three (3) feet below the surface of the ground.
14. Well Site Fee and Disturbed Acreage: Should a well site be placed on the leasehold, Lessee agrees to pay Lessor a site fee in the amount of Twenty Five Thousand Dollars (\$25,000.00) in consideration of the surface property use necessary for one well pad and access road, said well pad and road not to exceed ten (10) acres in size. In the event Lessee physically and materially disturbs acreage for any roads, pipeline, or other surface installations other than the aforementioned well pad and one (1) access road per well pad, or should Lessee disturb more than ten (10) acres for said well pad and one (1) access road, Lessor shall be compensated at the rate of Three Thousand Dollars (\$3,000.00) for each net acre so disturbed.
15. No Regional or Foreign Equipment: Without a separate written agreement, pipelines, compressors, central processing facilities, water ponds or any other facility or surface installation that services wells other than wells drilled on the leasehold or on lands unitized with the leasehold will not be placed on the leasehold.
16. Payment in Lieu of Free Gas: In the event any well is drilled upon the Leased Premises or any portion thereof, and the Lessor is the owner of the surface where the well is located, and upon Lessor's written request, Lessee shall pay annually to Lessor in lieu of free gas a sum equal to One Thousand Dollars (\$1,000.00).
17. Pipeline - Flow Depth & Double-Ditch: Lessee shall bury all pipelines at a minimum depth of thirty-six (36) inches below ground level, measured from the top of the pipe, where possible, and use double-ditch method of soil replacement. Lessee shall construct or install all facilities in a manner which would minimize any related soil erosion.
18. Minimize Soil Erosion: Lessee shall construct or install all well sites, access roads and pipeline rights-of-way in a manner which would minimize any related soil erosion. Further, any related surface reclamation shall be done in a manner which restores said land as nearly to original contours as reasonably possible.
19. Replace Fences: Lessee shall promptly replace any fences and gates removed by Lessee during its operations on said land and further, shall construct gates on all access roads on said land upon written request by Lessor.
20. Fence Producing Wells: Upon written request from Lessor, Lessee shall: (a) fence all producing wells, tank batteries, pits, separators, drip stations, pump engines, and other equipment placed on the Lease Premises, with a fence capable of turning sheep, goats, and cattle; (b) keep the fences on the Lease Premises in good repair; and (c) keep all gates and fences closed at all times, or in lieu of gates, install cattle guards.
21. Timber: Lessee and Lessor agree that prior to the removal of any marketable timber resulting from Lessee's operations under the terms of this lease, Lessee shall provide thirty (30) days written notice to Lessor providing Lessor an opportunity to arrange for the harvesting of said timber within thirty (30) days of receipt of said notice. If Lessor does not exercise such right to harvest, an appraisal shall be constructed by a qualified third party forester and Lessee shall pay Lessor the said appraisal value prior to harvesting. In the event agreement is not reached as to value each party shall select an appraiser and the two appraisers shall select a third-party neutral appraiser who shall determine the value of the timber which will be paid by Lessee to prior to harvesting.
22. Restore Premises to Pre-drilling Conditions: On completion of any operation, Lessee shall restore the Lease Premises as nearly to original contours as reasonably possible, remove all debris, equipment, and personal property which Lessee placed on the Lease Premises (except for equipment needed for the operation of producing wells, which shall be removed within six (6) months (weather permitting) after a well permanently ceases to produce.)
23. Water: Lessee is not granted any right whatsoever to use any water, surface or subsurface, within the leasehold for its operations, including, but not limited to wells, ponds, streams, and creeks, unless Lessor should give written consent to do so. Lessee shall have Lessor's current water supply sampled and tested prior to spudding of any well drilled on the leased premises, or drilled on acreage unitized with the leasehold. Should Lessor experience a material adverse change in the quality or quantity of Lessor's water supply, during or after the completion of Lessee's drilling operations, Lessee shall, within forty-eight (48) hours of Lessor's written request, cause Lessor's water supply to be sampled and tested by a qualified and

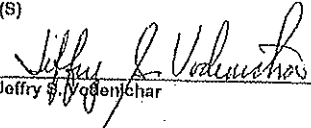
Independent third party at Lessee's expense. Should such a test reflect a material adverse change as to water quality or quantity, then Lessee agrees to provide Lessor with potable water within forty-eight (48) hours and until such a time as Lessor's water source quality and quantity has been repaired or replaced with a source of substantially similar quality, to as close to pre-drilling status quo as reasonably possible, with all reasonably related costs of repair and maintenance to be paid by Lessee.

24. **Hold Harmless:** Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, environmental issues, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal. Lessee further covenants and agrees to defend any suits brought against Lessor on any claims and to pay any judgment against Lessor resulting from any suit or suits arising from Lessee's operations under the terms of this Lease. Lessor, if it so elects, shall have the right to participate, at its sole expense, in its defense in any suit or suits in which it may be a party, without relieving Lessee of the obligation to defend Lessor. It is the intention of the Lessee and Lessor that Lessee shall not be liable to Lessor in respect of (and the foregoing indemnity shall not cover) any claim to the extent the same resulted from the gross negligence, willful misconduct or bad faith of the Lessor. Lessor shall be named as an additional insured on Lessee's liability insurance policy. Prior to the commencement of drilling operations, Lessee shall provide to Lessor, a certificate of evidence for liability, workman's compensation and disability insurance. The insurance required herein may be met through a combination of primary, excess, and self-insurance.
25. **Livestock Indemnity:** Lessee shall indemnify Lessor for any and all loss or liability resulting from injury or death to any livestock on the Leased Premises, which are owned by Lessor, Lessor's tenant or the surface owner, if Lessee or its operations are responsible for such injury or death.
26. **Governmental Programs:** Lessee agrees that if any penalty, rollback or re-capture of tax abatements created or imposed under any governmental program such as, but not limited to CREP, CRP and Clean and Green that is levied on Lessor solely as a result of Lessee's operations on Leased Premises, Lessee will reimburse Lessor upon written request and receipt of a copy of the penalty notice.
27. **Ad Valorem Taxes:** In the event there is a change in state and/or local law that provides for an increase in ad valorem taxes attributable to or resulting from the assessment of oil and gas due to oil and gas production from the Leased Premises, Lessor and Lessee agree to abide by the law and pay their proportional share accordingly.
28. **Warranty of Title:** It is understood that Lessor warrants title to said property only in respects that the title is good to the best of Lessor's knowledge and warrants title by, through and under Lessor but no further. Lessee agrees that no claims will be made against Lessor pertaining to a general warranty of title.
29. **Audit Rights:** Lessee grants to Lessor the right annually to examine, audit, or inspect books, records, and accounts of Lessee pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Lessor, and for checking the amount of payments lawfully due the Lessor under the terms of this agreement. In exercising this right, Lessor shall give reasonable notice to Lessee of its intended audit and such audit shall be conducted during normal business hours at the local office of Lessee. Such examination and audit shall be at the sole cost and expense of Lessor, unless the audit reveals deficiencies or underpayments, at which time Lessee shall pay to Lessor, within thirty (30) days, for the cost of the audit and immediately reimburse any deficiencies plus interest at the rate of one and one-half percent (1.5%) per month.
30. **Arbitration:** Any questions concerning this Lease or performance thereunder shall be ascertained and determined by one neutral arbitrator, to be a licensed attorney with at least ten (10) years experience primarily with an oil and gas practice, to be selected by the parties hereto. In the event the parties cannot agree on an arbitrator within twenty (20) days of initiation of a dispute subject to this arbitration clause, then the parties shall have the American Arbitration Association select a qualified arbitrator consistent with the requirement above. The award of such arbitrator shall be final and conclusive. Arbitration proceedings hereunder shall be conducted at the county seat or the county where the Lease is filed, or in the county where the action occurred which caused the arbitration, or such other place as the parties to such arbitration shall mutually agree upon. The law of the state in which the real property is located shall apply. Each party will share costs of the arbitrator equally.
31. **Notice of Assignment of Lease:** Lessee shall notify Lessor in writing if Lessee assigns all or a portion of this Lease, or an undivided interest therein, to a third party. Provided, however, that notice to the Lessor shall not be required in the event of an assignment by Lessee:
 - a. to an affiliate, subsidiary, or internal partners;
 - b. in consequence of a merger or amalgamation; or
 - c. of all or substantially all of its assets to a third party.
32. **Limestone/Coal/Surface Mining:** Lessee agrees to conduct its operations on the leased premises so as not to unreasonably interfere with any limestone, coal or surface mining operations that may occur pursuant to any limestone, coal, or surface mining lease that Lessor has executed or will execute and covers the leased premises. Lessor agrees to use reasonable efforts to work with Lessee so that Lessee's operations under this Lease are not unreasonably interfered with by operations under the limestone, coal or surface mining lease.
33. **Notice of Breach:** If Lessee violates, fails to perform, or breaches any material terms, covenants, or conditions in this Lease, Lessor shall notify Lessee in writing of such violation, failure or breach. Lessee shall have a period of sixty (60) days from the date of its receipt of Lessor's written notice, in which to remedy the material violation, failure or breach. If Lessee fails or refuses to remedy the material violation, failure or breach within the prescribed time period, Lessor may, at its sole option, terminate this Lease as to all of the Leased Premises.

34. DEP Compliance: Lessee's operations on said land shall be in accordance with regulations set forth by the Pennsylvania Department of Environmental Protection.
35. Release of Lease: Upon written request by Lessor and after termination, expiration, or surrender of this lease in whole or in part, Lessee shall, within thirty (30) days, provide Lessor with a copy of an appropriate release of lease and cause the same to be filed of record. Lessee's failure to timely file and provide the appropriate release shall be cause for Lessee to be liable for any reasonable costs or attorneys' fees incurred by Lessor should Lessor be forced to file suit to have any clouds on title cleared.

This addendum shall not affect the terms and conditions set forth in the attached Oil and Gas lease in any manner except as set forth herein.

LESSOR(S)


Jeffrey S. Vodenchar

MEMORANDUM OF OIL AND GAS LEASE

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MERCER

THIS MEMORANDUM OF OIL AND GAS LEASE ("Memorandum"), dated this 31st day of June, 2012 by and between Jeffrey S. Vodenichar whose address is 7133 Country Club Road, Butler, PA 16001, hereinafter called Lessor, and Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid and to be paid by Lessee to Lessor, set forth in that certain Oil and Gas Lease between Lessor and Lessee dated June 27, 2012 (hereinafter referred to as the "Lease") does hereby grant, devise, lease and let exclusively unto Lessee the following described premises:

The lands covered by the Lease are situated in Mercer County, Commonwealth of Pennsylvania and are described in the DESCRIPTION OF THE LEASED LANDS, which is attached and incorporated hereto and labeled Exhibit "A".

2. TO HAVE AND TO HOLD the Premises for a term of five (5) years from the effective date of the Lease (the "Primary Term"), said effective date is October 18, 2012, and so much longer thereafter as oil, gas or coalbed methane gas or their constituents are produced or are capable of being produced on the Premises in paying quantities, or as the Premises shall be operated by Lessee in the search of oil, gas or coalbed methane gas as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease. Lessee shall have the option of extending the Primary Term an additional five (5) years from the expiration of the original primary term. Lessee also retains a preferential right to purchase a new lease during the term of the Lease as contained therein.

3. The covenants, provisions and conditions of this Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease and its Addendum to which covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

6. This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Lease. Should less than all of the named Lessors execute this Lease, this Lease shall be binding on only those who are signatories thereto.

IN WITNESS WHEREOF, the Lessor and Lessee have executed this Memorandum as of the day and year first above written.

LESSOR(S):

Jeffrey S. Vodenichar
Jeffrey S. Vodenichar

Acknowledgement Appears on Next Page

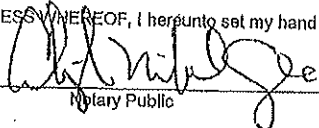
ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA

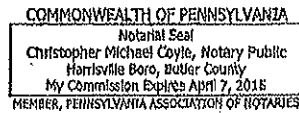
COUNTY OF MERCER

On this, the 21st day of June, 2012, before me, the undersigned officer, personally appeared Jeffrey S. Vodenichar known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public



NO
CO
RE
D

This instrument prepared by:
Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002

When recorded return to:
Halcón Energy Properties, Inc. a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002

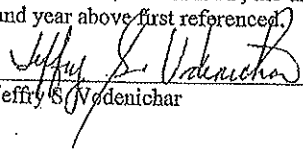
LIMITED POWER OF ATTORNEY

On the 27th day of June, 2012, the undersigned Lessor(s), for and in consideration of the attached Lease, hereby grant to Joseph E. Morascyzk, Esquire, as limited power of attorney, the ability to amend the Lease, Lease Memorandum, Lease Exhibits, Order for Payment or other documents executed on June 27, 2012, for the express purpose of amending legal descriptions, and further to amend the documents related to the Lease, required to be executed by the undersigned Lessor.

THIS LIMITED POWER OF ATTORNEY IS EXPRESSLY GRANTED TO ALLOW AMENDMENT TO THE LEASE, LEASE MEMORANDUM, LEASE EXHIBITS AND ORDER FOR PAYMENT TO ADD ANY MISSING LEGAL DESCRIPTIONS. HOWEVER, ANY FURTHER CHANGE IS LIMITED TO TYPOGRAPHICAL CORRECTIONS SUCH AS, BUT NOT LIMITED TO, MISSPELLED NAMES, INCORRECT ADDRESSES, INCORRECT PARCEL NUMBERS, AND FORMATTING ERRORS.

This limited power of attorney shall terminate one year from the effective date of the Lease.

IN WITNESS WHEREOF, the undersigned has (have) executed this limited power of attorney as of the date and year above first referenced.



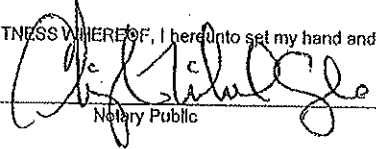
Jeffrey S. Vodenichar

ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF MERCER

On this, the 27 day of June, 2012, before me, the undersigned officer, personally appeared Jeffrey S. Vodenichar known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within Instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Christopher Michael Coyle, Notary Public
Harrisville Boro, Butler County
My Commission Expires April 7, 2015
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

EXHIBIT "A"
DESCRIPTION OF THE LEASED LANDS

Lease No. CXMP10516

This Exhibit is attached to and made a part of that certain Oil and Gas Lease dated June 27, 2012, by and between Jeffrey S. Vodenichar of 7133 Country Club Road, Butler, PA 16001, LESSOR (whether one or more) and Halcoön Energy Properties, Inc., a Delaware Corporation, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, as LESSEE.

The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 002 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 023

On the East by lands of: 19 062 024

On the South by lands of: 19 076 001

On the West by lands of: 19 074 020 003

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 100.0 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2008, by and between Jeffrey S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffrey S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 002 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 023

On the East by lands of: 19 062 024

On the South by lands of: 19 075 001

On the West by lands of: 19 074 020 003

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 100.0 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2006, by and between Jeffry S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffry S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 022

On the East by lands of: 19 062 024

On the South by lands of: 19 062 023 002

On the West by lands of: 19 061 077

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 34.4 acres, more or less, and said lands being more particularly described in Deed dated 7/18/2005, by and between William A. Burrows and Cynthia A. Burrows, Grantor, and Jeffrey S. Vodenichar, Grantee, recorded in Book 2005, Page 11482, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 062 023 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 062 022

On the East by lands of: 19 062 024

On the South by lands of: 19 062 023 002

On the West by lands of: 19 061 077

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 34.4 acres, more or less, and said lands being more particularly described in Deed dated 7/18/2005, by and between William A. Burrows and Cynthia A Burrows, Grantor, and Jeffrey S. Vodenichar, Grantee, recorded in Book 2005, Page 11492, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

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EXHIBIT "A"
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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 074-041 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 074 020

On the East by lands of: 19 076 018 001

On the South by lands of: 19 074 041 005

On the West by lands of: 19 074 040 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 80.9 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2006, by and between Jeffry S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffry S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

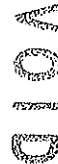


EXHIBIT "A"
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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 074 041 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 074 020

On the East by lands of: 19 075 018 001

On the South by lands of: 19 074 041 005

On the West by lands of: 19 074 040 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 60.9 acres, more or less, and said lands being more particularly described in Deed dated 1/30/2006, by and between Jeffry S. Vodenichar and Amy J. Vodenichar, Grantor, and Jeffry S. Vodenichar, Grantee, recorded in Book 2006, Page 2316, of the Mercer County Recorder of Deeds Office.

Page _____ of _____

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EXHIBIT "A"
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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 075 019 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 075 010

On the East by lands of: 19 075 019 001 001

On the South by lands of: 19 075 023

On the West by lands of: 19 075 018 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 80.41 acres, more or less, and said lands being more particularly described in Deed dated 9/18/2006, by and between Jeffery S. Vodenchar, Grantor, and Jeffry S. Vodenchar, Grantee, recorded in Book 2006, Page 14156, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

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EXHIBIT "A"
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The lands covered by the Lease are as follows, whether one or more:

Situated in NEW VERNON Township/District, Mercer County, Commonwealth of Pennsylvania, bearing Parcel Number 19 075 019 bounded substantially by lands now and/or formerly owned as follows:

On the North by lands of: 19 075 010

On the East by lands of: 19 075 019 001 001

On the South by lands of: 19 075 023

On the West by lands of: 19 075 018 001

Being all the property owned by LESSOR or to which the LESSOR may have any rights in said Township/District, containing 80.41 acres, more or less, and said lands being more particularly described in Deed dated 9/18/2006, by and between Jeffery S. Vodenichar, Grantor, and Jeffery S. Vodenichar, Grantee, recorded in Book 2006, Page 14156, of the Mercer County Recorder of Deeds Office.

Page ____ of ____

VOID

SCOTT BOYD TAX COLLECTOR
109 BOYD RD
STONEBORO PA 16153

AAP NO: 19 062 023 002
BOYD ROAD
VCRES 100.000 DEED 2006 / 2316

RESIDENTIAL

ODENICHAR, JEFFRY S
133 COUNTRY CLUB RD
BUTLER PA 16001

Control No: 019-626292		2011 Statement of Real Estate Taxes		Bill Date: 7/01/2011	
Assessed Values	Land 6,000	Improvement 0	Mineral 0	Total 6,000	
LAKEVIEW SCHOOL DISTRICT				Discount	Face
Rates .0461700				2%	10%
SCHOOL R/E				271.48	277.02
TAX AMOUNT DUE ---->				\$271.48	\$277.02
If Paid On or After 7/01/2011				9/01/2011	11/01/2011
If Paid On or Before 9/31/2011				10/31/2011	12/31/2011
NO PAYMENTS WILL BE ACCEPTED AFTER DECEMBER 31, 2011.					
				Penalty	304.72
					304.72

PAID \$90.50 5/2/2011
check # 1212

Form **W-9**
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)
JEFFRY S. ODENICHAR

Business name (disregarded entity name, if different from above)

Check appropriate box for federal tax classification:
☒ Individual/sole proprietor
☐ C Corporation
☐ S Corporation
☐ Partnership
☐ Trust/estate
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) >
☐ Other (see instructions) >
☐ Exempt payee

Address (number, street, and apt. or suite no.)
133 COUNTRY CLUB RD
City, state, and ZIP code
BUTLER PA 16001

Requester's name and address (optional)

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see how to get a TIN on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person Jeffry S. Odenichar Date 6/27/12

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-8 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-8.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

LE

SCOTT BOYD TAX COLLECTOR
409 BOYD RD
STONEBORO PA 16153

MAP NO: 19 075 019
T-814 & T-697
ACRES 80.410 DEED 2006 / 14156

RESIDENTIAL

VODENICHAR, JEFFERY S. ETAL
7133 COUNTRY CLUB ROAD
BUTLER PA 16001

MONDAY 6PM - 8PM
OTHERS BY APPOINTMENT
724-376-3410

TAXPAYER COPY						Bill No:	323
Control No: 019-626308 2011 Statement of Real Estate Taxes						Bill Date:	7/01/2011
Assessed Values	Land	Improvement	Mineral		Total		
	9,750	0	0		9,750		
LAKEVIEW SCHOOL DISTRICT				Discount	Face	Penalty	
Rates	.0451700			2 %		10 %	
SCHOOL R/E				441.16	450.16	495.18	
TAX AMOUNT DUE ---->				\$441.16	\$450.16	\$495.18	
If Paid On or After				7/01/2011	9/01/2011	11/01/2011	
If Paid On or Before				8/31/2011	10/31/2011	12/31/2011	
NO PAYMENTS WILL BE ACCEPTED AFTER DECEMBER 31, 2011.							

PAID \$450.16 10/11/11
chk. # 1230

E

SCOTT BOYD TAX COLLECTOR
409 BOYD RD
STONEBORO PA 16153

MAP NO: 19 075 019
T-814 & T-697
ACRES 80.410 DEED 2006 / 14156

RESIDENTIAL

VODENICHAR, JEFFERY S. ETAL
7133 COUNTRY CLUB ROAD
BUTLER PA 16001

MONDAY 6PM - 8PM
OTHERS BY APPOINTMENT
724-376-3410

TAXPAYER COPY						Bill No:	323
Control No: 019-626308 2011 Statement of Real Estate Taxes						Bill Date:	7/01/2011
Assessed Values	Land	Improvement	Mineral		Total		
	9,750	0	0		9,750		
MERCER COUNTY, PENNSYLVANIA				Discount	Face	Penalty	
Rates	.0225000			2 %		10 %	
COUNTY R/E				214.99	219.38	241.33	
NEW VERNON TWP							
Rates	.0024000			2 %		10 %	
MUNIC. R/E				22.93	23.40	25.74	
TAX AMOUNT DUE ---->				\$237.92	\$242.78	\$267.06	
If Paid On or After				7/01/2011	9/01/2011	11/01/2011	
If Paid On or Before				8/31/2011	10/31/2011	12/31/2011	
NO PAYMENTS WILL BE ACCEPTED AFTER DECEMBER 31, 2011.							

PAID \$242.78 10/11/11
chk. # 1230

TAXPAYER COPY						Bill No:	326
Control No: 019-626285 2011 Statement of Real Estate Taxes						Bill Date:	7/01/2011
Assessed Values	Land	Improvement	Mineral		Total		
	6,800	0	0		6,800		
MERCER COUNTY, PENNSYLVANIA				Discount	Face	Penalty	
Rates	.0225000			2 %		10 %	
COUNTY R/E				149.94	153.00	159.30	
NEW VERNON TWP							
Rates	.0024000			2 %		10 %	
MUNIC. R/E				15.99	16.32	17.95	
TAX AMOUNT DUE ---->				\$165.93	\$169.32	\$186.25	
If Paid On or After				7/01/2011	9/01/2011	11/01/2011	
If Paid On or Before				8/31/2011	10/31/2011	12/31/2011	
NO PAYMENTS WILL BE ACCEPTED AFTER DECEMBER 31, 2011.							

paid \$186.25 9/29/11
chk. # 1223

SCOTT BOYD TAX COLLECTOR
409 BOYD RD
STONEBORO PA 16153

MAP NO: 19 074 041
BARNEY SLATER ROAD
ACRES 60.900 DEED 2006 / 2316

RESIDENTIAL

VODENICHAR, JEFFERY S.
7133 COUNTRY CLUB RD
BUTLER PA 16001

MONDAY 6PM - 8PM
OTHERS BY APPOINTMENT
724-376-3410

TAXPAYER COPY						Bill No:	326
Control No: 019-626285 2011 Statement of Real Estate Taxes						Bill Date:	7/01/2011
Assessed Values	Land	Improvement	Mineral		Total		
	6,800	0	0		6,800		
LAKEVIEW SCHOOL DISTRICT				Discount	Face	Penalty	
Rates	.0451700			2 %		10 %	
SCHOOL R/E				307.68	313.96	345.36	
TAX AMOUNT DUE ---->				\$307.68	\$313.96	\$345.36	
If Paid On or After				7/01/2011	9/01/2011	11/01/2011	
If Paid On or Before				8/31/2011	10/31/2011	12/31/2011	
NO PAYMENTS WILL BE ACCEPTED AFTER DECEMBER 31, 2011.							

SCOTT BOYD TAX COLLECTOR
409 BOYD RD
STONEBORO PA 16153

MAP NO: 19 074 041
BARNEY SLATER ROAD
ACRES 60.900 DEED 2006 / 2316

RESIDENTIAL

VODENICHAR, JEFFERY S.
7133 COUNTRY CLUB RD
BUTLER PA 16001

MONDAY 6PM - 8PM
OTHERS BY APPOINTMENT
724-376-3410

Firm Offer Letter From
Halcon Resources Corporation

Must be returned to CX-Energy by 10am on Monday, May 21

Fax: 724-933-1150

Email: MTax4@cx-energy.com

Mall (Postmarked by Friday, May 18): 6021 Wallace Rd Ext, Suite 300, Wexford, PA 15090

In-Person on Sunday, May 20: The Legacy Banquet Hall 1946 Mercer Grove City Rd, Mercer, PA 16137

Mt. Jackson Landowners Group 4 - Firm Offer to Halcón Energy Properties

The undersigned, as a member of The Mt. Jackson Landowners Group 4 ("the Group"), wish to make a firm offer to enter into a Paid-Up Oil and Gas Lease with Halcón Energy Properties, Inc. of Houston, Texas ("Halcón"). The terms of this offer are as follows:

- 1) Should Halcón provide the Group's representatives, CX-Energy and Morascyzk & Polochak, Attorneys at Law ("CXMP"), with a letter of intent ("LOI") stating that Halcón agrees to accept leases from all Group members, then the undersigned will execute a lease, or leases, in substantially the same form as the "Mt. Jackson Landowners Group 4 Lease and Addendum", a copy of which is attached hereto as Exhibit "A", concerning the property identified herein. The LOI must guarantee the Signing Bonus payment for every net mineral acre with marketable title and may reject acreage only due to bona-fide title defects as determined by Halcón per the proposed lease.
 - 2) Primary lease term of five (5) years, with Halcón's option to extend for an additional five (5) years under the same terms and conditions.
 - 3) Signing Bonus payment of \$3,850.00 per net mineral acre with marketable title, extension payment of \$3,850.00 per net mineral acre, due when agreed-upon lease is signed and delivered and paid after title diligence is complete (typically 90 or more business days).
 - 4) Royalty percentage of eighteen and one-half percent (18.5%) royalty as defined in the Lease.
- By signing below, I/we, the individual landowner(s) and member of the Group, intending to be legally bound, agree that:
- A) I have read the Mt. Jackson Landowners Group 4 Lease and Addendum (the "Lease"), and I understand and agree to its terms and conditions should Halcón accept this offer.
 - B) I agree to execute the Lease, in favor of Halcón, provided that Halcón submits a binding LOI to CXMP on or before May 24, 2012 that contains the aforementioned terms listed in paragraphs 1, 2, 3 and 4 of this document. In that event I also agree to execute any associated forms necessary to complete the transaction such as W-9 forms, direct payment authorization, certificate of non-foreign status, and lease memorandum. In that event I agree that CXMP and their attorneys may assist Halcón in preparing leases and the associated forms for my signature, and I will execute said documents no later than June 30, 2012.
 - C) I agree that during such time as this offer is open for acceptance by Halcón, I (i) will not to enter into any other oil and gas lease, letter of intent, agreement, or other negotiations to lease, or sell the oil and gas rights to any other person or company; (ii) have not previously entered into any oil and gas lease or sold any oil and gas rights to any other person or company; (iii) have authority to execute the Lease; and (iv) will lease only to Halcón, its affiliates, and authorized representatives pursuant to the terms of this offer. This covenant will remain in effect from the date of execution, until 12:00 a.m. ET, May 25, 2012, should the offer be unaccepted or rejected by Halcón; or if this offer is accepted, until such time as I may sign my Lease with Halcón. I agree to the terms and conditions in this letter and do hereby grant, bargain, and convey unto Halcón the exclusive right and option to acquire the lease covering all right, title and interest under my lands, should Halcón provide the required LOI, thereby accepting my offer, to CXMP on or before May 24, 2012.
 - D) For clarity, this offer is exclusive to Halcón and available for acceptance by Halcón from the date of execution, until 11:59 p.m. ET on May 24, 2012, and expires on 12:00 a.m. ET on May 25, 2012, becoming null and void at that time.
 - E) I agree that I am binding the land described herein with respect to all parcels identified in my MarketPlace Agreement in whatever capacity I may legally do so, whether I personally own the land or I am legally authorized to enter into an oil and gas lease concerning the land, in my capacity as a corporate officer, trustee, power of attorney holder or estate administrator.

THIS FORM NEEDS TO BE COMPLETED, SUBMITTED AND RECEIVED TO CX-ENERGY NO LATER THAN 10:00AM ON MONDAY, MAY 21, 2012.
VIA FAX AT (724) 933-1150, BY E-MAIL AT MTJAX4@CX-ENERGY.COM, OR BY MAIL (POSTMARKED NO LATER THAN MAY 18TH) TO:
CX-ENERGY (attn.: MT JAX4)
6021 WALLACE ROAD EXT., SUITE 300
WEXFORD, PA 15090

Landowner(s) must provide the following information:

- 1.) Contact NAME: JEFFRY S. VODENICHAR 2.) PHONE: (724) 355-4702
- 2.) LANDOWNER(s) NAME (list name(s) on deed: individuals, corporation, trust, etc.)
JEFFRY S. VODENICHAR
- 3.) LANDOWNER MAILING ADDRESS: 7133 Country Club Road
BUTLER, PA 16001
- 4.) APPROXIMATE NUMBER OF ACRES TO BE LEASED: 2.75
- 5.) COUNTY & TOWNSHIP WHERE LAND IS LOCATED: MERCER COUNTY, NEW VERNON TWP.
- 6.) ALL PARCEL/TAX MAP NUMBER(S) listed in your Marketplace Agreement will be automatically included. Please list any that you wish to exclude from the Halcón offer:

LANDOWNERS SIGN BELOW NEXT TO THE "X". PRINT YOUR NAME BELOW YOUR SIGNATURE. ONCE THIS OFFER LETTER IS SIGNED, YOU UNDERSTAND THAT YOU ARE LEGALLY OBLIGATED TO LEASE WITH HALCÓN SHOULD THEY ACCEPT YOUR OFFER THROUGH A LETTER OF INTENT SUBMITTED TO CXMP ON OR BEFORE MAY 24, 2012.

IN WITNESS WHEREOF, the parties have executed this Agreement:

X Jeffrey S. Vodenichar Dated: JUNE 15, 2012

Print Your Name Here: JEFFRY S. VODENICHAR

X _____ Dated: _____, 2012

Print Your Name Here: _____

X _____ Dated: _____, 2012

Print Your Name Here: _____

X _____ Dated: _____, 2012

Print Your Name Here: _____

M4 - Halcón Final Offer Letter

VERIFICATION

I, JEFFRY S. VODENICHAR, have read the foregoing **CLASS ACTION COMPLAINT** and hereby aver that the statements contained therein are true and correct to the best of my knowledge, information and belief.

This Verification is made subject to the penalties of 18 Pa. C.S.A. §4904 relating to the unsworn falsification to authorities.

DATE: Feb. 21, 2013

Jeffrey S. Vodenichar
JEFFRY S. VODENICHAR