



July 28, 2010

State of North Dakota  
Attn: Mr. Tom Feeney  
1707 North 9<sup>th</sup> Street  
PO Box 5523  
Bismarck, ND 58506-3650

Re: **Megamouth 1-8H Well**  
All of Section 8, T150N-R98W  
McKenzie County, ND

Dear Mr. Feeney:

As we have discussed, Newfield Production Company ("Newfield") has drilled and is now in the process of completing the captioned well, as a middle Bakken test in a spacing unit comprised of the captioned lands. The State has an unleased 50% interest in the SENE and the NESE of said captioned lands, or 40 net acres. This would be 6.25% of the spacing unit interest for this well.

The State routinely leases its unleased lands at quarterly sales. We are aware that these lands appear on the August 2010 sales list.

As we discussed, please accept this letter as confirmation that Newfield Production Company intends to invite the successful bidder for these two tracts to participate in the drilling and completion of this well, rather than attempt to force pool the State's unleased mineral interests. Newfield's estimate of the costs to drill, complete and equip this well is \$4,958,377. This is an estimate only and may vary, up or down, when the actual costs are known.

Please advise us of the successful bidder at this August sale, and we will provide a detailed AFE of the costs for this project. The successful leaseholder will have thirty (30) days after receipt of this material to advise Newfield of its election to participate in this well. The successful leaseholder may be subject to the non-consent provisions as promulgated by the State's Industrial Commission, as will be detailed in said AFE package.

Please advise of any questions. I can be reached at 303-383-4166. Thank you.

Very Truly Yours,  
NEWFIELD PRODUCTION COMPANY

A handwritten signature in black ink, appearing to read "D. Cullen", is written over the typed name.

Douglas P. Cullen

Landman – Williston Basin