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March 23, 2010

Certified Mail – 7009-0820-0000-2272-2641

XTO Energy, Inc.
810 Houston Street, Suite 2000
Fort Worth, Texas 76102

Certified Mail – 7009-0820-0000-2272-2658

Permian Land Company
P.O. Box 1226
Forth Worth, Texas 76101

Re: *SEACTX Paid Up Oil and Gas Lease*

Dear XTO Energy, Inc. and Permian Land Company:

This firm has been retained by the mineral estate owners (“Clients”), listed and attached hereto in **Appendix A**, to prosecute this complaint and cause of action regarding your breach of the above referenced agreement. This letter constitutes our Clients’ formal notice of complaint and demand for restitution and/or damages pursuant to Section 17.41 *et seq.* of the Texas Business and Commerce Code, also known as the Texas Deceptive Trade Practices Act (“DTPA”). In accordance with Sections 38.001 and 38.002 of the Texas Civil Practice and Remedies Code, this letter shall also serve as a formal demand for performance of the above-reference contract.

I. FACTUAL BACKGROUND

The aforementioned statutes require a consumer to give fair notice of the factual basis for the complaint before it is formally asserted in court. This letter constitutes that notice. However, I will be happy to discuss this case with you, in person or over the telephone. A discussion about the case and our contentions now might save a lot of time and money in the long run.

SAN ANTONIO OFFICE

100 Sandau / Suite 101 / San Antonio, Texas 78216
Telephone: (210) 366-4949 / Facsimile (210) 979-6804 / Toll Free: (877) 315-2859

riddleandwilliams.com

On or around April 25, 2008, a homeowners' coalition known as the South East Arlington Communities of Texas ("SEACTX") entered into a binding lease agreement with you that was intended to cover all property owners living in the SEACTX geographical areas. SEACTX and the landowners they represented thereby entered into a consumer relationship to acquire your expertise, skills, knowledge, equipment, machinery, and training in the exploration and exploitation of the landowners' mineral estates.

Our Clients are property owners in the SEACTX geographical area and SEACTX's acceptance of the lease constituted acceptance on behalf of our Clients. Our Clients made good faith efforts to comply with each request from your company and our Clients have done everything you have asked to be done.

Our Clients detrimentally relied on your company's statements and representations that all property owners in the SEACTX area would be able to sign a lease. Specifically, SEACTX and our Clients rejected competing offers for a mineral lease from other companies you were in competition with at the time.

On or about October 13, 2008, XTO Energy Inc., through its agent, Permian Land Company, ended its leasing operations without explanation, leaving our Clients without the opportunity to sign the lease that your company had negotiated and promised.

II. BASIS FOR RECOVERY

Your conduct is in violation of the DTPA. In connection with representations made regarding the lease, you have knowingly and intentionally violated Sections 17.50(a) (1), (2) and (3) of the DTPA, which allows a consumer to maintain an action where the following constitutes a producing cause of economic damages: (i) the use or employment by any person of a false, misleading or deceptive act or practice that is specifically enumerated in a subdivision of Section 17.46(b) of the DTPA and relied upon by the consumer to the consumer's detriment; (ii) breach of express or implied warranty; or (iii) any unconscionable action or course of action by any person.

Your conduct constitutes a knowing violation of at least the following sections of the DTPA:

- A. Section 17.46(b)(5) representing that goods or services have sponsorship, characteristics, uses, benefits, or quantities which they do not have;
- B. Section 17.46(b)(11) making false or misleading statements of fact concerning the reasons for, existence of, or amount of price reductions;
- C. Section 17.46(b)(12) representing that an agreement confers or involves rights, remedies, or obligations for which it does not have or does not involve, or which are prohibited by law;
- D. Section 17.46(b)(24), failing to disclose information concerning goods or services which

was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction into which the consumer would not have entered had the information been disclosed.

Furthermore, your actions and/or omissions constitute a breach of express and implied warranties and unconscionable actions under Sections 17.50(a)(2)-(3).

You have also breached your contract with our Clients. Consequently, this letter is also a formal demand for attorneys' fees pursuant to Sections 38.001 and 38.002 of the Texas Civil Practice and Remedies Code. We are carefully investigating all consumer complaints involving your company's business decision to renege on the contract it entered into and, therefore, the time we spend on these cases increases each day. Hence, it is in your best interests to settle this case now rather than forcing us to Court to pursue this claim.

III. RELIEF REQUESTED

Our Clients wish to settle this matter amicably and request that you:

- A. Execute and honor the terms of the agreed upon lease, including the following terms:
 - 1. \$26,517 lease bonus per net mineral acre;
 - 2. 26.5 % royalties upon production;
 - 3. 3 year primary term; and
 - 4. 2 year option at \$26,517 per net mineral acre
- B. Pay damages, listed and attached hereto in **Appendix B**, which are based upon the amount due under the lease contract to each Client and because you *knowingly* engaged in the conduct described in this letter; **and**
- C. Pay all reasonable and necessary legal fees incurred by our Clients up to and including the resolution of this matter. This is authorized under the DTPA as well as the Texas Civil Practices and Remedies Code.

As you know, we have other cases involving clients with complaints against you that are very similar to those raised herein. We have expended hundreds of hours of lawyer time on those cases and three firms continue to work on them every day. Our combined efforts have uncovered significant factual information which we believe will likely lead to a finding that you and your agent's conduct was committed willfully, knowingly, and flagrantly in conscious disregard to the rights and interests of individuals such as our Clients herein. Therefore, it is not possible to provide a precise amount of attorneys' fees that could be attributable to this particular case.

Nevertheless, in an effort to settle this case and avoid any further expense associated with it, we are willing to settle this case for only two thousand dollars (**\$2,000**) in attorneys' fees per Client, as long as it can be settled within the next sixty days under terms described herein. Total

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attorneys' fees in this type of case could and almost certainly will easily exceed the total damages your conduct has caused to our Clients.

If you desire to resolve this matter, please contact our office within sixty (60) days of your receipt of this letter, so we might avoid any unnecessary time, expenses and additional attorneys' fees in litigating this matter.

If this matter is unresolved sixty (60) days from the date you receive this letter, our Clients have instructed us to file a lawsuit under the Texas Deceptive Trade Practices Act , wherein we shall seek the maximum damages allowed by law, plus triple the actual damages and attorneys' fees and court costs.

It is the intention of our Clients and our firm that no binding settlement exists until any proposal and acceptance are both (i) reduced to a written settlement agreement approved by all parties to the settlement, and (ii) signed by all parties for which the settlement agreement contemplates signature. Finally, any settlement we reach shall be deemed materially breached and will have no force and effect unless settlement funds are received by certified check, drawn on a local bank, and paid within forty-eight hours of this settlement offer being accepted. Plaintiffs' counsel will hold such funds in its trust account until such time as a settlement and release of all claims can be prepared and executed by the parties.

Pursuant to Rule 408 of the Texas Rules of Evidence, neither this request for a settlement proposal nor the accompanying facts and analysis contained in this document shall be construed as an admission or be admissible at trial.

IV. CONCLUSION

Please do not communicate further with our Clients now that you know we are involved in this matter. Please contact me at your earliest convenience if you wish to discuss this matter. I will assume that you do not wish to settle this matter out of court if I do not hear from you within the next sixty (60) days.

Sincerely,

A handwritten signature in black ink, appearing to read 'Caroline A. McClimon', with a large, sweeping flourish at the end.

Caroline A. McClimon

CAM/jcf

APPENDIX A

CLIENTS

1. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] of the Lake Port Meadows Addition
[REDACTED], Arlington, Texas 76002

2. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] of the South Ridge Hills Addition
[REDACTED], Arlington, Texas 76001

3. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] Highland Trails Addition
[REDACTED], Arlington, Texas 76002

4. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] of Highland Trails Addition
[REDACTED], Arlington, Texas 76002

5. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] of Quail Creek Addition
[REDACTED], Arlington, Texas 76002

6. [REDACTED]
Legal Address Covered By This Letter:
[REDACTED] of Windtree Ridge Addition
[REDACTED], Arlington, Texas 76002

APPENDIX B

DAMAGES

The total damages are based upon the signing bonus amount due under the lease agreement, which is \$26,571.00 per net mineral acre, and because you knowingly engaged in conduct that violated the Texas Deceptive Trade Practices Act. All acreage calculations listed herein are estimates and are awaiting a precise measurement of the Client's property, which shall include any strips, gores, easements, roadways or other land that may properly be included in the lease.

- | | |
|--|--|
| 1. [REDACTED]
Estimated Acreage: .172 acres
Estimated Signing Bonus: \$4,534.41
Total damages: \$13,682.77 | 4. [REDACTED]
Estimated Acreage: .15 acres
Estimated Signing Bonus: \$3,977.55
Total damages: \$11,932.65 |
| 2. [REDACTED]
Estimated Acreage: .15 acres
Estimated Signing Bonus: \$3,977.55
Total damages: \$11,932.65 | 5. [REDACTED]
Estimated Acreage: .37 acres
Estimated Signing Bonus: \$9,811.29
Total damages: \$29,433.87 |
| 3. [REDACTED]
Estimated Acreage: .166 acres
Estimated Signing Bonus: \$4,401.82
Total damages: \$13,205.47 | 6. [REDACTED]
Estimated Acreage: .161 acres
Estimated Signing Bonus: \$4,269.24
Total damages: \$12,807.71 |