



# TRISTONE

## C A P I T A L

### Primary Natural Resources 2007 Corporate Divestiture

To receive literature and updates as they become available, please complete the following information and fax with the executed Confidentiality Agreement.

Company Name	
Contact Person	
Physical Address	
City, State Zip	
E-mail Address	
Phone No.	
Fax No.	
Comments / Remarks	

#### RETURN FORM TO:

Haley Grayless

Fax 713-651-4202 or e-mail: [hgrayless@tristonecapital.com](mailto:hgrayless@tristonecapital.com)

For additional information, please contact:

Christopher J. Simon, Managing Director, A&D

[csimon@tristonecapital.com](mailto:csimon@tristonecapital.com)

Tristone Capital

333 Clay Street, Suite 4200

Houston, Texas 77002

Main: 713.651.4200

Direct: 713.651.4240

August 22, 2007

Primary Natural Resources, Inc.  
c/o Tristone Capital  
333 Clay Street, Suite 4200  
Houston, Texas 77002

**RE: Confidentiality Agreement  
Primary Natural Resources, Inc. - Divestment**

This Confidentiality Agreement (this "**Agreement**") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2007 (the "**Effective Date**"), between Primary Natural Resources, Inc. ("**Company**") and \_\_\_\_\_ ("**Recipient**"). Company and Recipient are sometimes hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Recipient wishes to review certain confidential information for the purpose of an evaluation with respect to a potential sale of Company to Recipient; and

WHEREAS, Company is willing to disclose such confidential information to Recipient on the condition that such information be retained in confidence by Recipient and dealt with in accordance with the provisions of this Agreement;

NOW, THEREFORE, in consideration of the disclosure of such confidential information to Recipient and of the mutual covenants and agreements of the Parties contained herein, the Parties hereby agree as follows:

1. Definitions. Terms set forth below have the following meanings:

- (a) "**Affiliate**" means any entity that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the entity specified. "**Control**" means ownership of fifty percent (50%) or greater of the voting interest (stock or otherwise) of such entity.
- (b) "**Information**" means any and all information and data (whether written, electronic, video or oral) associated with Company, the Properties or the Transaction which Company or its Representatives provide to Recipient, including without limitation analyses, interpretations, compilations, reports, reservoir data, geologic and geophysical data, maps, models, financial data, economic data, commercial data, contractual data, environmental data and other information and data, whether written, electronic, video or oral (including the existence of the discussions between the Parties) relating to Company, the Properties or the Transaction. The Information also includes copies, notes, analyses, compilations, studies, excerpts and other materials prepared by Recipient or its Representatives that contain, reflect or are based upon, in whole or in part, the Information.

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- (c) "**Person(s)**" (whether or not capitalized) will be interpreted broadly to include, without limitation, corporations, entities, trusts, partnerships, limited liability companies or individuals.
  - (d) "**Properties**" means the oil and gas properties owned by Company (including leases, gathering systems, pipelines, equipment, facilities and other interests relating thereto).
  - (e) "**Representatives**" means the Affiliates of a Party and the directors, officers, managers, members, shareholders, partners, owners, employees, lenders, agents, principals, financial advisors, consultants, attorneys and accountants of a Party and its Affiliates. Tristone Capital is a Representative of the Company.
  - (f) "**Transaction**" means the potential sale, transfer or other disposition of all of the issued and outstanding capital stock of Company to Recipient and Recipient's evaluation of Company and the Properties in connection therewith.
2. Confidentiality Obligation. In connection with Recipient's evaluation of Company and the Properties, Company or its Representatives may disclose to Recipient certain Information. In consideration for disclosure of Information to Recipient, Recipient shall:
- (a) Treat the Information as strictly confidential, and shall not sell, trade, publish or otherwise disclose the Information to anyone in any manner whatsoever, including without limitation by means of photocopy, reproduction or electronic media, without Company's prior written consent, except as provided in Sections 3, 4 and 5 of this Agreement;
  - (b) Not use any of the Information, directly or indirectly, for any purpose other than in connection with evaluating the potential Transaction;
  - (c) Except as otherwise provided in Sections 3, 4 and 5 hereof, not disclose the fact that: (i) Information exists or has been made available to Recipient or others, (ii) Company or Recipient is considering the potential Transaction, or (iii) discussions or negotiations are taking or have taken place between Company and Recipient concerning the potential Transaction, or the content of any such discussions or negotiations; and
  - (d) Promptly notify Company in writing if Recipient determines not to proceed with the potential Transaction.
3. Limitation on Confidentiality. Recipient has no obligation under this Agreement with regard to any Information that, other than by breach of this Agreement: (i) is or becomes available to the public other than as a result of an unauthorized disclosure by Recipient or its Representatives, (ii) is in possession of Recipient prior to disclosure by Company or its Representatives, or (iii) is disclosed by a court or governmental entity during bonafide legal proceedings.
4. Authorized Disclosure. Subject to the restrictions set forth in this Agreement, Recipient may disclose the Information to its Representatives only to the extent necessary to evaluate the potential Transaction. Recipient shall require any of its Representative who

receives the Information under this Agreement to keep the Information strictly confidential and comply with all terms of this Agreement. **Recipient shall pay Company for, and fully indemnify, defend and hold Company harmless from and against, any and all claims, demands, causes of action, liabilities, losses and/or damages caused by or associated with the unauthorized use or disclosure of Information by Recipient or any Person to whom Recipient discloses the Information.**

5. Compelled Disclosure. If Recipient or any of its Representatives is required by law, order, decree, rule or regulation (including without limitation those of any court, regulatory agency, securities commission or stock exchange) to disclose any Information or if any Person seeks to legally compel (by interrogatories, document requests, subpoena or otherwise) Recipient or any of its Representatives to disclose any Information, Recipient shall promptly provide Company with written notice of the same so Company may (a) seek a protective order or other remedy (including without limitation participation in any proceeding), or (b) waive compliance with the terms of this Agreement in Company's sole discretion (but such waiver will be limited to the Information required to be disclosed). Recipient shall be entitled to furnish only such Information as Recipient is advised by its legal counsel that it is legally required to disclose and will use all reasonable efforts to obtain confidential treatment of any and all Information disclosed.
6. Ownership and Return of Information. The Information shall at all times remain the property of Company. Recipient shall acquire no proprietary interest in or right to the Information and Company may demand the return thereof at any time by giving written notice to Recipient. Within thirty (30) calendar days of receipt of such notice, Recipient shall return or shall cause to be returned all of the original Information provided on behalf of Company and shall destroy or cause to be destroyed (and certify such destruction to Company in writing) all copies, notes, analyses, compilations, studies, excerpts and other materials prepared by Recipient or its Representatives which contain, reflect or are based on any of the Information (in whatever form, including without limitation electronic media) in its possession and in the possession of persons to whom it was disclosed pursuant to this Agreement. Notwithstanding the foregoing, Recipient agrees that all Information shall continue to be subject to the terms of this Agreement.
7. Express Disclaimer. **Recipient acknowledges and agrees that the Information is being provided solely for the purpose of assisting Recipient in conducting its own independent evaluation of Company, the Properties and the potential Transaction. As a precondition to Company authorizing Recipient to review the Information, Recipient acknowledges and agrees on behalf of itself and its Representatives, that: (a) Company and its Representatives expressly disclaim any and all liability and responsibility for and associated with the quality, accuracy, completeness or materiality of the Information, including without limitation: (i) existence of any and all prospects referenced in the Information, (ii) geographic, geologic or geophysical characteristics associated with any and all potential prospects referenced in the Information, (iii) existence, quality, quantity or recoverability of reserves associated with the Properties, (iv) costs, expenses, accounts payable, revenues, receipts or accounts receivable associated with Company or the Properties, (v) contractual, economic, financial or tax information and data associated with Company or the Properties, (vi) continued financial viability or productivity of the Properties, (vii) title to the Properties, and (viii) environmental or physical condition of the Properties; (b) Recipient shall conduct its own independent evaluation and analysis**

**of the Information and satisfy itself fully as to the quality, accuracy, completeness and materiality of the same; (c) Recipient is fully aware of the inherent risk of error in the acquisition, processing and interpretation of geologic and geophysical data; and (d) Recipient shall rely solely on its own independent evaluation and analysis of the Information when deciding whether or not to submit a bid or offer, enter into a definitive agreement or consummate any Transaction. Recipient further acknowledges and agrees that only the express representations and warranties contained in a definitive written agreement (when and if the same is executed) shall be binding on the Parties.**

8. Reservation of Rights. Recipient acknowledges and agrees that Company has a unilateral right, at its sole discretion and without notice to Recipient, to (a) terminate discussions associated with the proposed Transaction, (b) reject any or all offers to purchase Company or one or more of the Properties, or (c) accept any offer to purchase Company or one or more of the Properties whether or not such offer conforms to any procedures that may be established by or on behalf of Company or includes the greatest consideration.
9. Definitive Agreement. Unless and until a definitive written agreement covering the proposed Transaction shall have been executed by an authorized representative of Recipient and the sole stockholder of Company having the express authority to bind such Person to a transaction of the size and nature referenced herein, neither Party is or will be under any obligation whatsoever (legal or otherwise) to negotiate or conclude the proposed Transaction or any other transaction whether by virtue of this Agreement or otherwise. Unless included in a definitive agreement, any communications (written or oral) may not be relied on by either Party as the basis for taking any action, foregoing any opportunity or incurring any costs, and do not and will not create any obligations whatsoever on the part of either Party. The Parties hereby waive any and all claims either of them may have against the other arising from or relating to any such communication.
10. Recipient agrees that, without the prior written consent of Company, unless a Transaction is completed between Recipient and Company or its stockholder, Recipient will not, for a period of two (2) years from the date hereof, directly or indirectly, solicit for employment or employ any person who is now employed and continues to be employed by Company or any of its subsidiaries; provided, however, that Recipient shall not be prohibited from employing any such person who contacts Recipient on his or her own initiative and without any direct or indirect solicitation by Recipient.
11. Equitable Relief. Recipient acknowledges and agrees that Company may be irreparably injured, such that money damages alone may not be an adequate remedy, and will be entitled to equitable relief (including without limitation, the granting of specific performance and injunctive relief in Company's favor), if Recipient or any Person to whom Recipient discloses Information breaches or threatens to breach the terms of this Agreement. Recipient agrees that equitable relief is not exclusive of other remedies to which Company may be entitled at law or in equity.
12. Attorney Fees. If a Party is required to initiate litigation or other proceedings in order to enforce the terms of this Agreement, the Party prevailing in such litigation or proceeding shall be entitled to recover its reasonable attorneys' fees and court costs in connection with such litigation or proceedings.

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13. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of Oklahoma, excluding any choice of law rules that may direct application of laws of another jurisdiction. Each Party agrees that the exclusive venue and forum for any action brought in connection with this Agreement shall be initiated and maintained in any State or Federal court located in Tulsa County, Oklahoma, and irrevocably waives any right such Party may have to object to such venue and forum.
14. No Waiver. A Party's failure or delay in exercising any rights hereunder shall not operate as a waiver thereof, nor shall a Party's partial exercise preclude any other or further exercise of any such rights. No waiver of any provision of this Agreement shall be effective unless in writing and signed by an authorized representative of the Party against whom the waiver is sought to be enforced.
15. Assignment. This Agreement shall inure to the benefit of Company and its successors and assigns, and may be assigned by Company to any purchaser of all or any portion of the Properties without notice to or consent from Recipient. This Agreement shall be binding upon Recipient and its Representatives and their respective heirs, representatives, successors and assigns, provided that Recipient may not assign any of its rights or obligations hereunder to any third party without the prior written consent of the Company. Any attempted assignment without such consent shall be null and void.
16. Term. This Agreement will have a term of two (2) years from the date hereof. Company retains the right to terminate this Agreement at any time and for any reason.
17. Counterparts. This Agreement may be executed in multiple counterparts, each of which taken together shall constitute one and the same agreement. This Agreement shall be effective when it has been executed and delivered by both Parties. Delivery of a signed copy of this Agreement by facsimile transmission shall be deemed to be delivery of this Agreement for all purposes. Recipient agrees to provide to Company's Representative, Tristone Capital, Attn: Haley Grayless, by facsimile transmission to (713) 651-4202 or by email to hgrayless@tristonecapital.com, a complete copy of the signed Agreement. Upon execution and delivery of this Agreement by Recipient, Recipient represents to Company that this Agreement is binding upon Recipient and acknowledges that Company will provide the Information to Recipient in reliance upon this representation.
18. Amendment. No modifications or amendments to this Agreement shall be binding on the Parties unless and until such modifications or amendments are executed in writing by an authorized representative of each Party.
19. Entire Agreement. This Agreement supersedes all prior negotiations, understandings and agreements between the Parties relating to the subject matter hereof and constitutes the entire understanding and agreement between the Parties with respect to the same.
20. Notices. Any notices to be delivered herein shall be in writing and shall be deemed sufficiently given if delivered by hand, by courier service, sent by registered mail, postage prepaid, or sent by facsimile (with written confirmation of receipt) to the receiving Party at the address listed below:

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**COMPANY:**

Primary Natural Resources, Inc.  
7134 S. Yale, Suite 430  
Tulsa, Oklahoma 74136  
Attention: David House, President  
Facsimile: (918) 495-2903

**RECIPIENT:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

The Parties have executed this Agreement effective as of the day and year first written above.

Yours truly,

**COMPANY**

**Primary Natural Resources, Inc.**

**by its agent, Tristone Capital**

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

Name: Christopher J. Simon

Title: Managing Director, A&D

**RECIPIENT**

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_