



TRISTONE

C A P I T A L

EXCO Operating Company, LP
2008 East Texas Asset Divestiture Package

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:

Kristen Bednarz

Fax 713-651-4202 or e-mail: kbednarz@tristonecapital.com

For additional information, please contact:

Miles C. Redfield, Managing Director, A&D

mredfield@tristonecapital.com

Tristone Capital, LLC

333 Clay Street, Suite 4200

Houston, Texas 77002

Main: 713.651.4200

Direct: 713.651.4229

Confidentiality Agreement
EXCO Operating Company, LP

September 19, 2008

EXCO Operating Company, LP
12377 Merit Drive, Suite 1700
Dallas, Texas 75251

**RE: Confidentiality Agreement
EXCO Operating Company, LP - 2008 East Texas Divestiture Package**

This Confidentiality Agreement (this "**Agreement**") is entered into the ____ day of _____, 2008 (the "Effective Date") between EXCO Operating Company, LP ("**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 Information (as hereinafter defined) for the purpose of an evaluation with respect to a potential sale by Company to Recipient of the Properties (as hereinafter defined); and

WHEREAS Company has agreed to disclose the Information to Recipient on the condition that the Information be retained in confidence and dealt with in accordance with the following provisions;

NOW THEREFORE in consideration of the disclosure of the Information to Recipient and of the mutual covenants and agreements of the Parties contained herein, the Parties 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 Person specified. The term "control" means the power to direct or cause the direction of the management of such Person, whether through the ownership of voting securities, by contract, agency or otherwise.
- (b) "**Information**" means any and all information and data (whether written, electronic, video or oral) associated with the Properties or the Transaction which Company or its Representatives provide to Recipient or Recipient's Representatives 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 the Properties or the Transaction. 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. Information will include proprietary information and may include information licensed from third parties (hereafter called "Speculative Information"). Information shall at all times remain the property of the Company and Recipient shall acquire no proprietary interest in or right to the Information.

Confidentiality Agreement
EXCO Operating Company, LP

- (c) **"Person(s)"** will be interpreted broadly to include, without limitation, corporations, entities, trusts, groups, partnerships or individuals.
 - (d) **"Properties"** means the 2008 East Texas Divestiture Package of oil and gas properties owned by Company, or any of its Affiliates, in the Overton Field (Smith County, Texas) and Gladewater Area (Gregg and Upshur Counties, Texas (including leases, gathering systems, pipelines, equipment, facilities and other interests relating thereto). For purposes of the Agreement, Gladewater Area includes East Gladewater, Glenwood, White Oak, North Wilkins, Willow Springs and Willow Springs (CV) Fields.
 - (e) **"Representatives"** means the Affiliates of a Party and their directors, officers, managers, members, shareholders, partners, owners, employees, lenders, agents, principals, financial advisors, technical and other consultants, attorneys and accountants. Tristone Capital LLC is a Representative of Company.
 - (f) **"Transaction"** means the potential sale, transfer or other disposition of the Properties to Recipient or an Affiliate of Recipient.
2. Confidentiality Obligation. In connection with Recipient's evaluation of the Properties and a potential Transaction, Company or its Representatives may disclose to Recipient and its Representatives certain Information. In consideration of any disclosure of Information, 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 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 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, (ii) Company or Recipient is considering a potential Transaction, or (iii) discussions or negotiations are taking or have taken place between Company and Recipient and Recipient's Affiliates concerning a 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 an evaluation of a potential Transaction.

Notwithstanding any other provision in this Agreement, the Parties understand that the Recipient or its Representatives who review the Information provided hereunder may now or in the future be working on other projects in the area and may retain mental impressions of such Information. Company agrees that Recipient shall not be precluded from working on or acquiring interests in any properties or projects because of such retained mental impressions.

3. Limitation on Confidentiality. Recipient has no obligation under this Agreement with regard to the 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 the Recipient or its Representatives, (ii) is in lawful possession of the Recipient prior to disclosure by Company or Company's Representatives, (iii) is disclosed by a court or governmental entity during bonafide legal proceedings, (iv) is obtained from a third party who is not known by Recipient to be prohibited from disclosing such information, or (v) is developed by Recipient independently of the Information received from the Company.
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 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 and Company's Representatives harmless from and against, any and all claims, demands, causes of action, liabilities, losses or damages caused by or related to the unauthorized use or disclosure of Information by Recipient or any Persons to whom Recipient disclosed the Information.**
5. Compelled Disclosure. If Recipient or any Representative 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 and shall cause its Representatives to return all of the original Information provided on behalf of Company or, at Company's option, Recipient shall destroy and shall cause its Representatives to destroy all such original Information, and Recipient shall destroy and shall cause its Representatives to destroy all copies, notes, analyses, compilations, studies, excerpts and other materials prepared by the Recipient or its Representatives which contain, reflect or are based on any of the Information (in whatever form including, but not limited to, electronic media except electronic copies of the Information that were automatically created by Recipient's computer back-up system) in its possession and in the possession of persons to whom the Recipient disclosed the Information. If the Recipient receives such notice instructing the Recipient to destroy the Information, an authorized officer of the Recipient shall certify in writing the destruction of all documents and other data in accordance with this Section 6. Notwithstanding the foregoing, Recipient agrees on its own behalf and that of its Representatives 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 the Properties in connection with a potential Transaction. As a precondition to Company authorizing Recipient and its Representatives 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) the existence of any and all prospects referenced in the Information, (ii) the geographic, geologic or geophysical characteristics associated with any of the Properties, (iii) the existence, quality, quantity or recoverability of reserves associated with the Properties, (iv) any costs, expenses, accounts payable, revenues, receipts or accounts receivable associated with the Properties, (v) the contractual, economic, financial or tax information and data associated with the Properties, (vi) the continued financial viability or productivity of the Properties, (vii) title to the Properties, and (viii) the 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 covering one or more of the Properties. Recipient further acknowledges and agrees that only the express representations and warranties contained in such a definitive written agreement for a Transaction (when and if the same is executed by both Parties) 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 any potential Transaction, (b) reject any or all offers to purchase one or more of the Properties, or (c) accept any offer to purchase 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 for a Transaction shall have been executed by an authorized representative of each Party having the express authority to bind such Party 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 any Transaction or any other transaction whether by virtue of this Agreement or otherwise. Unless included in a definitive written 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.
10. 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.

Confidentiality Agreement
EXCO Operating Company, LP

Recipient agrees that equitable relief is not exclusive of other remedies to which Company may be entitled at law or in equity.

11. 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 (including court costs) in connection with such litigation or proceedings.
12. Governing Law. This Agreement is governed by and construed in accordance with the laws of the State of Texas, 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 Dallas County, Texas and irrevocably waives any right such Party may have to object to such venue and forum.
13. 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.
14. Assignment. This Agreement shall inure to the benefit of Company and its Representatives and their respective 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. The Agreement shall be binding upon Recipient and its Representatives and their respective, successors and assigns, provided that Recipient may not assign any of its rights or obligations hereunder without the prior written consent of the Company. Any attempted assignment by Recipient without such consent (which can be withheld in Company's sole discretion) shall be null and void.
15. Severability. The invalidity of any one or more provisions of this Agreement shall not affect the validity of this Agreement as a whole, and in case of any such invalidity, this Agreement shall be construed as if the invalid provision had not been included herein.
16. Term. The duties and obligations of each Party under this Agreement are deemed to have commenced as of the Effective Date and shall remain in effect until the earlier of the following dates: (a) one (1) year from the Effective Date; or (b) the date the contemplated Transaction is completed, if at all, between the Company and/or its Affiliates, as applicable, and Recipient and/or its Affiliates, as applicable, pursuant to a definitive agreement containing a provision dealing with confidentiality of information; provided, however, such termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination (including the continuation thereof after such termination) or (ii) release, impair or affect the covenants and agreements contained in Sections 5, 8, 9, 10, 12, 13, 15 and 16 of this Agreement, each of which shall survive such termination and continue in full force and effect. As to Speculative Information, this Agreement shall continue for (a) the time periods specified in the relevant license agreement(s) between the Company and the owner of the Speculative Information, which time period is normally perpetual, or (b) until such time as Recipient licenses said Speculative Information from the owner thereof.

Confidentiality Agreement
EXCO Operating Company, LP

17. Counterparts. This Agreement may be executed in multiple counterparts, each of which taken together shall constitute one 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 LLC, Attn: Kristen Bednarz by facsimile transmission to (713) 651-4202, a complete copy of the signed Agreement. Upon execution and delivery of this Agreement by Recipient, Recipient represents to Company that the Agreement is binding upon Recipient and acknowledges that Company will only disclose any Information to Recipient and Recipient's Representatives 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:
21. Non-Public Information. Recipient and the Company each hereby acknowledge that during the review procedures contemplated hereunder, both Parties' personnel may become aware of "material non-public information" (as defined under applicable securities laws) regarding the other Party. Recipient and the Company management agree to communicate to all persons having knowledge of such information that they are required under applicable securities laws to refrain from misusing such information or trading in Recipient or the Company securities while in possession of this information, and also to refrain from disclosure of any non-public information about the other Party that may impact trading in the securities of Recipient or the Company, as the case may be.

EXCO Operating Company, LP:

12377 Merit Drive, Suite 1700

Dallas, Texas 75251

Attention: John D. Jacobi

Facsimile: (972) 367-3559

RECIPIENT:

Attention: _____

Facsimile: _____

Confidentiality Agreement
EXCO Operating Company, LP

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

Yours truly,

EXCO Operating Company, LP

By: _____

Name: _____

Title: _____

RECIPIENT

By: _____

Name: _____

Title: _____