

Folks,

In the spirit of full disclosure, the negotiating committee is sending you the attached article from today's Fort Worth Star Telegram announcing that energy companies are rescinding a significant number of outstanding lease offers in the Barnett Shale. Given the severe turmoil in the financial and oil markets recently, this decision is understandable. Unfortunately, our community is not immune to this adversity. Several coalition members have reportedly received letters from PFM announcing they are rescinding or reducing their lease offers in our area.

Following is feedback from our lawyer explaining Chesapeake's recent actions and advocating the need for unity and patience if the coalition is going to achieve its objectives:

*"To be direct, every coalition is getting the same letters across the Barnett Shale. Chesapeake is getting a grip on its cash outlay and cutting cash liabilities immediately, perhaps at the demand of their lenders. Presumably, they will then take a more orderly course to lease and drill the prospects, as opposed to the whole Barnett Shale. Obviously, every gas company is feeling the crunch to a measurable degree and will be using it somewhat to negotiate for lower bonuses. Certainly, it will put a slow down on leasing activity for time being and those coalitions which stay unified will retain their main leverage."*

While this news is certainly not positive to our short term negotiations; hope is not lost. Chesapeake has already made a significant investment in acquiring mineral and surface leases to part of our drillable acreage. They need to lease a lot more to make the play economical to them. Since the leases they have signed begin to expire in about 2 years, the negotiating committee believes there is time to wait for the economy to stabilize and leasing activities to return to normal conditions. We will continue to monitor the situation and renew contact with prospective energy companies once they have recovered from this financial crisis.

Your patience and understanding is appreciated during these turbulent times.

Phil Frink

David Goodner

Brett Holst

Mark Vowell