

HOUSTON ENERGY RESOURCES, LLC

(832) 955-1798 FAX 281-619-8371

SUBSCRIPTION AGREEMENT

RECOMPLETION – FRAC PROJECT

HUBERT GRESSETT #1 WELL – LIBERTY COUNTY, TEXAS

IN CONNECTION WITH MY DESIRE TO PARTICIPATE IN THE ACCOMPLISHMENT OF SAID WELL(S) PROSPECT. I REPRESENT THAT THE FOLLOWING STATEMENTS ARE TRUE UNDER OATH:

- 1. I RECOGNIZE AND UNDERSTAND THE HIGHLY SPECULATIVE NATURE OF THIS INVESTMENT AND THE FINANCIAL HAZARDS RELATED THERETO, INCLUDING THE POSSIBILITY OF LOSS OF ALL OR A SUBSTANTIAL PORTION OF MY INVESTMENT.**
- 2. I WILL BE THE SOLE PARTY IN INTEREST AS TO MY PARTICIPATION IN THE ACCOMPLISHMENT OF SAID WELL(S) AND MY INVESTMENT IS SOLELY FOR MY PERSONAL ACCOUNT. I HAVE MADE NO ARRANGEMENT, UNDERSTANDING OR AGREEMENT TO SUBDIVIDE THE INTEREST WHICH I AM PURCHASING OR SELL OR TRANSFER ANY PORTION OF IT. I UNDERSTAND THAT I MAY NOT SELL OR TRANSFER MY INTEREST IN THE WELLS IF SUCH SELL OR TRANSFER WOULD SUBJECT HOUSTON ENERGY RESOURCES, LLC THEIR AGENTS OR ASSIGNS TO REGULATIONS OF THE UNITED STATES, OR ANY STATE AGENCIES THERE OF. I UNDERSTAND THAT THIS VENTURE HAS NOT BEEN REGISTERD WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AGENCY. THIS IS NOT A TURN KEY PROJECT AND SUBJECT TO CASH CALL(S) AND COULD FORFEIT MY INTEREST IF NOT PAID IN FIFTEEN DAYS AFTER NOTIFICATION BY EMAIL OR BY POSTAL.**

3. I AM___ AM NOT___ A CITIZEN OF THE UNITED STATES AND OVER TWENTY ONE (21) YEARS OF AGE, OR REPRESENT AN ASSOCIATION AND ALL OF THE MEMBERS THEREOF ARE CITIZENS OF THE UNITED STATES AND ARE OVER TWENTY ONE YEARS OF AGE, OR I REPRESENT A CORPORATION AND I AM AUTHORIZED OR OTHERWISE DULY QUALIFIED TO HOLD AN INTEREST IN THE ABOVE MENTIONED WELL(S).

4. I HAVE___ HAVE NOT___ A NET WORTH OF AT LEAST \$1,000,000 EXCLUSIVE OF MY HOME, FURNISHINGS AND AUTOMOBILES, AND DURING MY LAST TAX YEAR, I HAD OR EXPECT TO HAVE DURING MY CURRENT TAX YEAR SOME PORTION OF ANNUAL INCOME SUBJECT TO A TAX RATE OF THIRTY FIVE PERCENT (35) OR MORE, WITHOUT CONSIDERATION FOR ANY DEDUCTION WHICH MIGHT BE REALIZED FROM MY PARTICIPATION IN THE AFOREMENTIONED WELL(S).

5. I HAVE COUNSELED TO MY SATISFACTION WITH MY FINANCIAL, TAX, LEGAL AND OTHER PROFESSIONAL ADVISORS AND, NOT WITHSTANDING ANY REPRESENTATIONS MADE BY HOUSTON ENERGY RESOURCES, LLC THEIR REPRESENTATIVES OR AGENTS. I AM INDEPENDENTLY AND ADEQUATELY INFORMED AS TO THE POTENTIAL FINANCIAL, TAX, LEGAL AND OTHER CONSEQUENCES OF MY PARTICIPATION IN THE AFOREMENTED WELL(S). I WILL NOT HOLD HOUSTON ENERGY RESOURCES, LLC RESPONSIBLE FOR ANY ACCURACY OF INFORMATION CONTAINED IN THE MEMORANDUM PERTAINING TO THIS PROGRAM NOR TAKE ANY LEGAL ACTION. I DO HAVE ARBITRATION RIGHTS FOR DISAGREEMENTS ON OPERATIONS OF A PROJECT. I AM PARTICIPATING ON MY OWN FREE WILL.

5. – A: I AM AWARE THIS PRIVATE PLACEMENT MEMORANDUM HAS NOT AND WILL NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OF THE UNITED STATES OF AMERICA OR ANY STATE OR LOCAL SECURITIES AGENCY. I WAS NOT AT ANY TIME DIRECTLY SOLICITED INTO THIS PROGRAM AND PARTICIPATED BY MY ON FREE WILL. THIS IS NOT A TRADEABLE SECURITY OF ANY NATURE.

6. I HERE TENDER MY CHECK FOR \$_____ U.S DOLLARS IN PAYMENT OF MY SHARE OF THE COSTS OF RECOMPLETION AND FRAC COMPLETION OF GRESSETT WELL. I UNDERSTAND THAT I WILL RECEIVE REVENUE FROM_____ % OF WORKING INTEREST (W.I.) OF THE TOTAL OIL OR GAS LIKE PRODUCTS PRODUCED AND SOLD FROM THE SAID WELL(S) IF SUCCESSFUL. NET REVENUE IS 75.00% ON THE GRESSETT WELL PROJECT.

7. I CONFIRM NEITHER FAMILY MEMBERS NOR FRIENDS ARE CURRENTLY CONNECTED WITH ANY LOCAL, STATE OR FEDERAL

AGENCY. I MYSELF PAST OR PRESENTLY HAVE NOT BEEN CONNECTED WITH ANY LOCAL, STATE OR FEDERAL AGENCY. THE LEGAL DISPUTE RESOLUTION CLAUSE CONTAINED HEREIN IS ACCEPTABLE BY ME.

8. PARTICIPANT REPRESENTS TO SELLER THAT HE/SHE HAS PARTICIPATED IN OTHER SIMILAR VENTURES (INCLUDING OIL AND GAS PROJECTS) AND IS NOT ORGANIZED FOR THE PURPOSE OF ACQUIRING THE WORKING INTEREST. BUYER REPRESENTS TO SELLER THAT THE WORKING INTEREST IS BEING ACQUIRED BY HIM/HER OWN ACCOUNT FOR SPECULATIVE PURPOSES AND NOT WITH A VIEW TO, OR RESALE IN CONNECTION THEREWITH, HE/SHE IS NOT ACTING ON BEHALF OF ANY OTHER PERSON OR ENTITY; AND NO OTHER PERSON OR ENTITY HAS ANY BENEFICIAL INTEREST IN THE WORKING INTEREST PURCHASED IN THE GRESSETT #1 WELL DEVELOPMENT.

READ, CONSIDERED AND SIGNED THIS _____ DAY OF _____, 2010.

SUBSCRIBING PARTY

PRINT NAME

SIGN NAME

ADDRESS

CITY, ZIP CODE

DAYTIME PHONE

SOCIAL SECURITY NUMBER

EDWARD LIPPINCOTT, CEO – HOUSTON ENERGY RESOURCES, LLC

HOUSTON ENERGY RESOURCES, LLC

LEGAL DISPUTE RESOLUTION

Alternate Dispute Resolution

The parties agree that any dispute, disagreement, controversy, or claim (“Dispute”) between them arising or out of or relating to this Agreement, including without limitation any allegation of default under or breach of violation of any term of provision of this Agreement shall be resolved by mediation in accordance with this paragraph.

The parties agree to initially cooperate in good faith to resolve any Dispute through negotiations between executives of the parties. If such negotiations are unsuccessful, the parties will attempt in good faith to resolve any Dispute by mediation. Either party may initiate a mediation proceeding by request in writing to the other party. Thereupon both parties will be obligated to engage in mediation. If the parties have not agreed within thirty days from the request for mediation on the selection of a mediation willing to serve, either party may involve the Center for Dispute Resolution in Harris County, Texas of the nature of the Dispute and request it to appoint a mediator. Efforts to reach a settlement will continue until a written settlement is reached, or the mediator concludes and informs the parties writing that further efforts would not be useful, and neither party may withdraw before conclusion of the proceeding. The parties regard the aforesaid obligation to mediate as an essential provision of this Agreement and one which is legally binding on them. In case of violation of such obligation by either party, the other may bring an action in any court of law having jurisdiction and enforcement of such obligation.

If any dispute is not successfully mediated in accordance with the above procedures, or if a mediator is not agreed upon or appointed within ninety (90) days after the written request for mediation, either party shall have the right to commence litigation in federal or state courts located exclusively in Harris County, Texas. All fees paid for mediators or arbitrators shall be shared equally by the parties.

Governing Law

The Agreement shall be governed by the laws of the State of Texas, without regard to its conflict of law rules. All alternate dispute proceedings of permitted litigation regarding this Agreement, shall be conducted or brought exclusively in federal or state courts in Harris County, Texas.

Cumulative Remedy Clause

The rights and remedies granted in the Agreement to BCH in the event of default are cumulative, and the exercise of such rights shall be without prejudice to the enforcement of any other right or remedy authorized by law of this Agreement.

Force Majeure

In the event that either party is prevented from performing any of its obligations due to the terms of this Agreement by an act of God, by acts of war, riot, or similar commotion, by an act of state, by strikes, fire, flood, or by the occurrence of an other event beyond the control of the parties hereto, that party shall be excused from such performance for the same amount of time as such occurrence shall have lasted or such period of time as is reasonably necessary after such occurrence abates for the effects thereof to have abated.

Participates Signature

Payment Options

Make Check Payable To: Houston Energy Resources, LLC

Completed Paperwork & Check

Mail To:

**The Energy Exchange
5100 Westheimer Suite 200
Houston, Texas 77056**

Wiring Information

**Houston Energy Resources.
LLC Bank of Houston
Rt. # 113025147
Acct. # 016782
Attn: Edward Lippincott**