CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM – ONLY FOR ACCREDITED INVESTORS

Name: _____ Copy No. _____

$6,000,000

(120 Units of Membership Interest)

Emerald Royalty Fund, LLC

Offering Price: $50,000 per unit **Minimum Purchase: $25,000 (½ unit)**

We are offering up to 120 units of membership interest in Emerald Royalty Fund, LLC, a Texas limited liability company (the "Company") formed to acquire mineral and royalty interests (the "Interests") in oil, gas and/or mineral properties located primarily in Louisiana, Texas, Oklahoma and Arkansas. The primary purpose of the Company will be to: (1) acquire Interests in properties that are undergoing current development or that we believe will undergo development in the future, and in properties with existing oil and/or gas production, and (2) provide cash distributions to the members from income generated from oil and gas produced and sold from the Company's properties. There can be no assurance that the Company's investment objectives will be achieved.

We are Unity Resources, LLC, a Texas limited liability company (the "Manager"), and we will serve as the initial manager of the Company. This confidential private placement memorandum amends and restates the Company's amended and restated confidential private placement memorandum, dated March 1, 2010, in its entirety. Prospective investors will be admitted as members in the Company upon the Manager's acceptance of subscription agreements meeting the requirements described in this memorandum, including the suitability standards described herein. All members will be obligated to enter into the company agreement in substantially the form described herein and attached hereto as Exhibit A.

Investment in this Company is speculative and involves a high degree of risk. Before buying units, you should consider carefully the risk factors beginning on page 6 of this memorandum, which include, but are not limited to:

- Because we have not selected any Interests for this Company, you will not be able to evaluate Interests before making your investment decision • Cash distributions are not guaranteed • Oil and natural gas investments are highly risky • Prices of oil and natural gas are unstable • Your ability to resell your units is limited due to the lack of a public market and restrictions contained in the company agreement • We will manage the Company, while third parties will operate and manage the properties in which the Company holds an Interest.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Minimum Offering for Company (10 Units)	Maximum Offering for Company (120 Units)
Offering Price	$ 50,000	$ 500,000	$ 6,000,000
Commissions (including due diligence and marketing allowance)	$ 4,000	$ 40,000	$ 480,000
Organization costs	$ 1,000	$ 10,000	$ 120,000
Offering fee	$ 500	$ 5,000	$ 60,000
Proceeds to the Company	$ 44,500	$ 445,000	$ 5,340,000

The units of membership interest in the Company are being offered on a "best efforts minimum/maximum" basis by selected FINRA licensed broker-dealers. The soliciting broker-dealers are required to use only their respective best efforts to sell the units.

February 22, 2011.

NOTICES TO INVESTORS

You should not construe the contents of this memorandum or any prior or subsequent communication from the Company, or us, or any person associated with this offering, as legal, financial, tax or investment advice. Instead, you should consult with your own personal legal counsel, business and/or tax adviser and "purchaser representative" (as such phrase is defined in Regulation D ("Regulation D") of the General Rules and Regulations promulgated by the Securities and Exchange Commission (the "Commission") under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act")) as to legal, tax, financial and related matters concerning an investment in the units and its suitability for you and your particular circumstances.

The purchase of the securities offered by this memorandum may be suitable for you only if you have substantial financial resources, do not anticipate that you will be required to liquidate any portion of your investment in the units in the foreseeable future, understand or have been advised of the risk factors associated with this investment, are familiar with the nature and risks attendant to investments in oil and gas funds and have determined that the purchase of the securities is consistent with your projected income and investment objectives. You will be required to represent and warrant to us in the subscription documents that the above facts and circumstances are true, that you are an Accredited Investor (as defined by Regulation D), you are purchasing the securities for investment only and not with a view toward resale and that you have individually, or together with your purchaser representative, the requisite knowledge, experience and skill in business and financial matters to be capable of evaluating the merits and risks of making an investment in the Company. See "RISK FACTORS" and "TERMS OF THE OFFERING – Investor Suitability."

This memorandum includes certain statements, estimates and forecasts of the Company with respect to the Company's anticipated future performance. Such statements, estimates and forecasts reflect our various assumptions, which may or may not prove to be correct. See "FORWARD-LOOKING STATEMENTS."

This memorandum does not constitute an offer or a solicitation to anyone in any state or other jurisdiction in which such an offer or solicitation is not authorized. Acceptance of your subscription for units will be made only after we determine that a prospective investor satisfies the requirements for an exemption from federal and state registration requirements and the investor suitability standards (including, without limitation, the "accredited investor" standards) set forth in "TERMS OF THE OFFERING – Investor Suitability."

This memorandum has been prepared in connection with our private offering of the units and may not be reproduced in whole or in part or used for any other purpose. Any distribution of this memorandum except to the individual to whom this memorandum is addressed is unauthorized without our prior written consent. In no event shall this memorandum be deemed to be an offer to any person other than the person to whom it is addressed or to any person who does not meet the minimum requirements described in this memorandum.

We will provide, prior to the consummation of the transactions contemplated by this memorandum, the opportunity to ask questions of, and receive answers from, us or any person acting on our behalf concerning the terms and conditions of this offering, and will make available any additional information, to the extent we possess such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information described in this memorandum. All documents referenced in or attached to this memorandum and all of our non-proprietary or non-confidential books and records will be available for inspection by you or your representative at our offices. See "ACCESS TO INFORMATION."

Certain of the statements and information contained in this memorandum are summaries and are qualified in their entirety by the documents included as exhibits to and/or described in this memorandum.

Consequently, you must carefully read the documents included and/or described in this memorandum before making a decision to invest.

We will not use any offering literature unless accompanied or preceded by this memorandum, as well as any subsequent amendments or supplements to and the exhibits or documents included or described in this memorandum. Neither the delivery of this memorandum nor any sale made hereunder shall under any circumstances create an implication that there has not been a change in the matters discussed herein since the date set forth on its cover.

The execution of a subscription agreement (in the form included as Document No. 1 in the Subscription Booklet) by you constitutes your unconditional obligation to purchase the units. You will not have the right to withdraw your subscription. We reserve the right to reject any subscription for any reason, and the sale of any units will not be deemed to have occurred until we have accepted an investor's subscription and fully executed a counterpart of the subscription agreement. If for any reason, we do not accept your offer to purchase units, we will promptly return your subscription without interest.

The securities offered by this memorandum have not been registered under the Securities Act with the Commission or under the securities laws of any state with the relevant regulatory or administrative agency, in reliance upon one or more exemptions from the registration requirements of such act and laws. Any representation to the contrary is unlawful. The securities offered by this memorandum may not be resold or otherwise transferred unless such transfer is registered pursuant to the Securities Act and any applicable state securities laws or unless, in the opinion of our counsel, such registration is not required. Accordingly, you must continue to bear the economic risk of an investment in the securities for an indefinite period of time.

Emerald Royalty Fund, LLC
c/o Unity Resources, LLC
5600 Tennyson Parkway, Suite 115
Plano, Texas 75024
Telephone: (972) 378-0261

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

SUMMARY

This summary highlights certain limited information about this offering. It is not complete and may not contain all of the information that is important to you. It should be read in conjunction with, and is qualified in its entirety by, the information appearing elsewhere in this memorandum, including the exhibits. You should read this entire memorandum, including the risk factors, carefully before you decide to invest.

Risks

An investment in units of membership interest in the Company is highly speculative and involves substantial risks. You must be prepared to bear the economic risk of an investment in the units for an indefinite period of time and be able to withstand a total loss of your investment. You should carefully consider the risks described in "RISK FACTORS" beginning on page 6 and the other information in this memorandum in evaluating whether to make an investment in units.

About the Offering

We are offering units of membership interests in the Company formed to acquire mineral and royalty interests in potential and existing income-producing oil and gas properties. The Company provides investors the opportunity to participate in the oil and gas industry without the liability associated with working interest and drilling programs. We anticipate that the Company will acquire Interests in properties located primarily in Louisiana, Texas, Oklahoma and Arkansas, and possibly elsewhere in the continental United States. The Company may acquire a significant portion of its Interests in the Haynesville Shale formation located in northwestern Louisiana and east Texas but may also acquire Interests in other formations.

Mineral interests are interests in the ownership of all rights to oil, gas or other minerals as they naturally occur in place near or below the surface of a tract of land. Royalty interests are interests in oil and gas produced from a specified oil and gas lease, or the proceeds from the sale of such production, created from the working interest, to be received free of costs of development, operation and maintenance.

The majority of the Interests acquired by the Company will consist of mineral and royalty interests in properties that are undergoing current development or that we believe will undergo development in the future, though the Company will also acquire Interests in currently producing oil and gas properties. We plan to use approximately one-third of the Company's capital available for acquisitions to purchase Interests in currently producing properties. When evaluating Interests in undeveloped properties for possible acquisition, we will consider the proximity of the properties to existing oil and/or gas production and whether the properties are situated within a path of development established by other oil and gas companies. The wells, if any, drilled on properties in which the Company has an Interest may be exploratory or developmental wells. See "PROPOSED ACTIVITIES."

We intend to diversify the Company's exposure in currently producing and/or planned development properties by acquiring smaller Interests in as many different unitized acreage sections as possible, though not all of the Interests acquired by the Company will be on unitized properties. Royalty interest owners generally share proportionally in the income from any production within a unitized section, regardless of the physical location of the well in the area. This unitization of a section means that even a single acre within the area will participate in production on a proportional basis. In addition, we intend to invest no more than 20% of the Company's capital in any single pooled or unitized area, though we may, in our sole discretion, invest more if warranted by the circumstances. In the event the Company receives investor subscriptions for only the minimum amount of capital or for an amount less than the maximum proposed in this offering, then our ability to diversify the Company's acquisition of Interests will be reduced.

When we acquire mineral interests in undeveloped properties that are not already subject to leases or that have leases with expiration dates occurring in the near future, our intent will be to sell leasehold rights at a future time to acreage either containing unproved reserves or otherwise believed by us to be located within a path of future development to oil and gas companies in consideration for a lease bonus and a royalty interest. Alternatively, we may acquire mineral interests in properties currently subject to leases and undergoing development. In that instance, we will obtain the same right to receive royalty payments as the mineral owner from which we acquire the Interest.

The Company's intended exit strategy in the Interests is to sell all or substantially all of the Interests owned by it within five to seven years from the termination of this offering. We will seek to maximize the return received by the Company from the sale of the Interests in properties by bundling the Company's properties together in a single package. The timing of such a sale of Interests, if any, and the price received by the Company for the

Interests will depend on market conditions and the amount of oil and gas production from properties subject to the Interests being sold, among other factors.

The purchase of units of membership interests in the Company is intended to produce the following benefits for investors:

- **Cash distributions from the receipt of royalty payments from the sale of oil and natural gas produced from the properties in which the Company has Interests.** If the properties in which the Company holds Interests yield commercial quantities of oil and/or natural gas, and the Company's revenues exceed its expenses, the Company's investors will receive monthly distributions of the Company's cash profits. The timing and distribution will depend primarily on the Company's net cash receipts from its Interests and will be affected, among other things, by the price of oil and natural gas and the level of production of the properties in which the Company holds Interests.

- **Income that is not unrelated business taxable income.** The Company is intended to produce income that is not unrelated business taxable income ("UBTI") for tax exempt investors. The company agreement will require that the Manager use its best efforts to conduct the business and affairs of the Company in a manner that is intended to prevent the Company from realizing income that qualifies as UBTI for federal income tax purposes. To accomplish this objective, the Company intends to restrict its investment activities to acquiring, owning and disposing of the Interests in properties that are intended to produce royalty and other non-UBTI income for the Company. The Company will not be permitted to borrow money to acquire or improve its investments. See "FEDERAL INCOME TAX CONSIDERATIONS – Unrelated Business Income Tax for Tax Exempt Investors and IRAs."

The attainment of the Company's investment objectives, including the generation of revenue from Company operations and the distribution of cash to the members will depend upon many factors, including:

- our ability to select and acquire Interests in productive properties;
- our ability to select and acquire Interests properties that are undergoing current development or that we believe will undergo development in the future;
- the level of oil and natural gas prices in the future;
- the degree of governmental regulation over the production and sale of oil and natural gas; and
- the future economic conditions in the United States and throughout the world.

Accordingly, there can be no assurance that the Company will achieve its business objectives. See "RISK FACTORS."

About the Manager

Unity Resources, LLC is an energy and natural resources investment company founded in 2008. Our professionals have extensive experience in the energy and natural resources industry. Please see the "MANAGEMENT" and "PRIOR ACTIVITIES" sections found later in this memorandum for a description of the business experience of our professionals.

Terms of the Offering

Issuer	Emerald Royalty Fund, LLC, a Texas limited liability company
Manager	Unity Resources, LLC, a Texas limited liability company
Securities Offered	We are offering a minimum of 10 units ($500,000) and a maximum of 120 units ($6,000,000) of membership interest in the Company.
Offering Price	$50,000 per unit.

Minimum Investment	$25,000 (½ unit), which may be waived and lesser fractions of a unit sold in the discretion of the Manager.
Offering Period	The offering period began on March 1, 2010 and will terminate on May 31, 2011, unless completed or terminated sooner, or extended in our sole discretion for a period not to exceed six months.
Initial capitalization	A capitalization amount representing 10 units ($500,000) must be subscribed before capital of the Company will be utilized by the Company for any purpose. As of the date of this amended and restated memorandum, 7 units of membership interests in the company have been subscribed.
Participation in Operating Distributions	Cash distributions, if any, from operations will be made monthly as follows: (i) first to the investor members until they have received distributions equal to their original capital contributions plus an amount equal to 7% of their original capital contributions on an annual and non-compounding basis; and (ii) second, 75% to the investor members and 25% to us.
Our Compensation	The Manager of the Company is entitled to an annual management fee equal to 0.75% of initial aggregate investor subscriptions, subject to a cap of 10% of the Company's annual cash flow. The fee will be paid on a quarterly basis. As the Manager of the Company, we will receive 25% of the Company's cash flow after the investor members have received an amount equal to their original capital contributions, plus an amount equal to 7% of their original capital contributions to the Company on an annual and non-compounding basis. We will be reimbursed for all general and administrative expenses allocable to the Company in connection with the acquisition and sale of Interests in an amount not to exceed 12% of total investor subscriptions. We will also be reimbursed for certain direct costs associated with the acquisition and sale of Interests, including broker and landmen fees as applicable. *See* "OUR COMPENSATION." In addition, an unaffiliated third-party, Farmers National Company, will receive a fee equal to 6% of the gross income from the royalty interests held by the Company and certain other processing and transaction fees defined in the Company's management agreement with them. Farmers National Company will perform financial, accounting, administrative and office services, among other technical and administrative services relating to any Interests acquired by the Company. We will be reimbursed by the Company for our organization costs in amount equal to 2% of investor member's capital contributions. Organization costs include legal, accounting, travel, mailing, third party due diligence, escrow, assignment and other costs incurred by us in connection with the formation of the Company and this offering. If the organization costs are less than 2% of the subscription proceeds in the aggregate, then we will keep the difference. If such costs are in excess of 2% of the subscription proceeds, then we will pay such excess ourselves. We will receive an offering fee in an amount equal to 1% of investor member's capital contributions for our sponsorship of the offering.
Use of Proceeds	We intend to use the net proceeds from this offering for the acquisition of mineral and royalty interests in oil and gas properties. The net proceeds from the offering will be total investor subscription proceeds minus: (i) an aggregate 2% charge for organization costs, (ii) a 1% charge for the offering fee, and (iii) a 8% charge for

	sales commissions (which includes a 1% due diligence and marketing allowance). We may be reimbursed for all general and administrative expenses allocable to the Company in connection with the acquisition and sale of Interests in an amount not to exceed 12% of total investor subscriptions. Assuming the maximum reimbursement to us for general and administrative expenses, 77% of investor subscriptions will be available to the Company to acquire and sell Interests, including the actual purchase price of the Interests, broker fees and landmen fees as applicable. *See* "USE OF PROCEEDS."
Tax Considerations	The Company should be treated as a partnership for U.S. federal income tax purposes. Therefore, each investor will be required to include his or her allocable share of the Company's income, gain, loss, deduction and credit on his or her own tax return. As a result, the Company's net income should only be subject to a single layer of U.S. federal income tax when it is earned, and it should not be taxable a second time if and when it is distributed to the investors. The investors' ability to utilize Company losses, however, will be subject to numerous limitations. For tax exempt investors and investors that invest with funds from their IRA, the Company's income is intended not to produce UBTI for such investors. *See* "FEDERAL INCOME TAX CONSIDERATIONS."
Suitability Standards.....	Your subscription for units will be accepted only if you meet certain suitability standards. The offering is being made only to "accredited investors," as defined in Section 501(a) of Regulation D ("Accredited Investors"), each of whom must satisfy the additional requirements stated under "TERMS OF THE OFFERING – Investor Suitability" below. Investment in the units is suitable for you only if you do not need liquidity in this investment and can afford to lose all or substantially all of your investment.
Risk Factors	The units are a speculative investment and involve a high degree of risk. You should consider the risk factors described on pages 6 to 13 of this memorandum, together with the other information in this memorandum, in evaluating whether or not to buy units.
Plan of Distribution	The units of membership interest are being offered on a "best efforts, minimum or none" basis by selected FINRA licensed broker-dealers (each, individually, a "Broker-Dealer"). Broker Dealers will receive a 7% sales commission and a 1% due diligence fee for each whole or fractional unit they sell. The Broker Dealers are required to use only their best efforts to sell the units offered in the Company. No sales commissions will be paid on sales of units to subscribers purchasing units through registered investment advisors or, under limited circumstances, through officers of Unity. As a result, subscribers purchasing units through registered investment advisors will pay $50,000 per unit, net of the 8% commission and related fees, or $46,000 per unit. Subscription proceeds will be held in a separate interest-bearing escrow account until the minimum number of units in the Company (10) have been subscribed for and may be released before the end of the offering period. As of the date of this amended and restated memorandum, 7 units of membership interests in the Company have been subscribed.
Term of the Company.....	The term of the Company is 10 years from the date of formation, subject to extension by the Manager in its sole discretion. At the discretion of the Manager, if it deems it to be in the best interests of the Company, the Manager may stop purchasing Interests, distribute all available cash flow to the members, sell such Interests and/or underlying properties and dissolve the Company in accordance with the provisions of the company agreement of the Company.

Reports to Members.....	We will furnish activity operating reports to members at least every fiscal quarter.
Transfer Restrictions.....	You should be fully aware of the long-term nature of an investment in the units. You will be required to represent that you are purchasing for your account, for investment purposes and not with a view toward resale or redistribution. The sale of the units will not be registered under the Securities Act, and the units must be held indefinitely unless they are subsequently registered under the Securities Act (which is not expected) or unless an exemption from registration is available. Resale of the units under Rule 144 under the Securities Act within two (2) years from the date they are fully paid will not be possible because of the absence of sufficient public information about the Company. Furthermore, you may not transfer your units except as expressly permitted in the company agreement.
Principal Office	The principal office of the Company and the Manager is located at 5600 Tennyson Parkway, Suite 115, Plano, Texas 75024, and their telephone number is (972) 378-0261.

RISK FACTORS

Participation in the Company involves a high degree of financial risk. An individual contemplating such participation should consider the following special risk factors in addition to those discussed elsewhere in this memorandum.

Special Risks of the Company

The Company is newly formed and has limited capital. When the Company commences operations, it will have limited financial resources. Upon initial capitalization, funds will be sufficient to acquire only some Interests. With respect to the Company's capitalization, please note that the Company's assets will be funded entirely from the subscriptions received in this offering. The company agreement prohibits the Company from borrowing additional funds. In the event the Company receives only the minimum capitalization, then its ability to acquire multiple properties will be limited. As of the date of this amended and restated memorandum, 7 units of membership interests in the Company have been subscribed. See "MANAGEMENT" and "SOURCES OF FUNDS AND USE OF PROCEEDS"

We were formed in 2008 and have limited capital and operating history. We were formed in 2008 for the purpose of sponsoring companies engaged in the oil and gas industry. As a result, we have limited operating history upon which a prospective investor may judge us as a manager of a company engaged in the oil and gas industry. Please see the section entitled "Prior Activities" on page 28 of this memorandum for a description of the other oil and gas companies sponsored by us. In addition, we have limited capital.

We will manage and control the Company's business. Third parties will manage and control the properties in which the Company holds an Interest. We will exclusively manage and control substantially all aspects of the business of the Company and will make all decisions concerning the business of the Company. We will not operate or control any of the properties in which the Company owns Interests. Instead, the properties will be controlled, managed and developed by independent third parties. As such, we will not influence operations or future development of the properties. The operator of any oil and gas properties subject to an Interest may be under no obligation to continue operating those properties, and if they chose to discontinue operations, we will not be able to appoint or control the appointment of replacement operators. The decisions of the third party operators will impact the amount of oil and gas revenue the Company receives from its ownership of Interests.

Because we have not yet identified or selected any Interests for this Company, you will not be able to evaluate the Company's Interests before making your investment decision. We have not selected any Interests for acquisition by the Company and may not select Interests for the Company until after the termination of this offering. You will not have an opportunity before purchasing units to evaluate geophysical, geological, economic or other information regarding the Interest to be selected. Delays are likely in the investment of proceeds from your subscription because the offering period for the Company can extend over a number of months, and no Interests will be acquired until after the Company commences operations.

A lengthy offering period may result in delays in the investment of your subscription and any cash distributions from the Company to you. Because the offering period for the Company can extend for many months, it is likely that there will be a delay in the investment of your subscription proceeds. This may create a delay in the Company's cash distributions to you, which will be paid only if there is sufficient cash available. The offering period has already been extended on multiple occasions. The offering commenced on March 1, 2010 and has been extended to May 31, 2011. We may further extend the offering for an additional six months. See "TERMS OF THE OFFERING" for a discussion of the procedures involved in the offering of the units.

The Company's ability to diversify risks depends upon the number of units issued and the availability of suitable Interests in properties. We intend to spread the risk of oil and natural gas drilling and ownership of interests in oil and natural gas properties by purchasing Interests in multiple oil and gas properties. In addition, we intend to invest no more than 20% of the Company's capital in any single pooled or unitized area, though we may, in our sole discretion, invest more if warranted by the circumstances. In the event the Company receives investor subscriptions for an amount less than the maximum proposed in this offering, then our ability to diversify the Company's acquisition of Interests will be reduced. If the Company is subscribed at less than the maximum amount, it will only be able to purchase smaller Interests in properties and be able to acquire fewer Interests, which would increase the investment risk to the members. The offering of units of membership interest in the Company has been

extended on multiple occassions to allow for the subscription of additional units and to increase the capital of the Company. It is uncertain whether the maximum number of units will be subscribed. As the Company's capitalization increases, the diversification of the Company's acquisitions will increase because the Company can obtain Interests in a greater number of properties.

Interests in undeveloped property owned by the Company will not generate revenues unless third parties conduct oil and gas operations on the properties in which the Company has an Interest. When we acquire mineral interests in an undeveloped property that is not already subject to leases or that has leases with expiration dates occurring in the near future, our intent will be to sell leasehold rights in consideration for a lease bonus and a royalty interest. Alternatively, we may acquire mineral interests in properties currently subject to leases and undergoing development. In that instance, we will obtain the same right to receive royalty payments as the mineral owner from which we acquire the Interest. In either case, the Company will not receive any revenues from its Interest unless a third party operator successfully conducts oil and gas developmental operations on the property subject to the Interest. Neither we nor the Company will be able to control such third party operators or the outcome of their operations on the properties. In addition, for mineral interests held by the Company on undeveloped property, we may be unable to locate a third party to acquire the leasehold rights and develop the property. As a result, the Company's ability to make distributions of net cash, if any, to the members is dependent upon third parties that neither we nor the Company control.

There is no guarantee of a return of your investment or any specific rate of return on your investment in the Company. You may not recover all of your investment in the Company, or if you do recover your investment in the Company, you may not receive a rate of return on your investment that is competitive with other types of investment. You will be able to recover your investment only through the Company's distributions of the royalty revenues from the production of oil and natural gas from productive wells subject to an Interest owned by the Company. To the extent that wells located on the properties subject to a Company Interest produce oil and/or gas, the quantity of oil and natural gas in a well, which is referred to as its reserves, decreases over time as the oil and natural gas is produced until the well is no longer economical to operate. In addition, distributions to you will be considered a return of capital until you have received 100% of your investment. This means that you are not receiving a return on your investment in the Company, excluding tax benefits, if any, until your total cash distributions from the Company exceed 100% of your investment.

Cash distributions are not guaranteed. Cash distributions are not guaranteed and will depend on the Company's future operating performance. See "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES." We will review the accounts of the Company at least monthly to determine the cash available for distribution. Distributions will depend primarily on the Company's cash flow from operations, which will be affected, among other things, by the following:

- the price of oil and natural gas;
- the level of royalty revenues from the Interests;
- direct costs and general and administrative expenses of the Company;
- our ability to select and acquire Interests in productive properties;
- our ability to select and acquire Interests properties that are undergoing current development or that we believe will undergo development in the future
- the successful management of Interests acquisitions and lease negotiations;
- the decisions of third party operators on properties subject to Company Interests;
- payment of the management fee; and
- the indemnification of us and our affiliates by the Company for losses or liabilities incurred in connection with the Company's activities.

Company income will be taxable to the members in the year earned, even if cash is not distributed. See "RISK FACTORS—Risks of Oil and Natural Gas Investments" and "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES—Cash Distribution Policy" and "OUR COMPENSATION."

Your ability to resell your units is limited due to the lack of a public market and restrictions contained in the company agreement. You may not be able to sell your Company interests. No public market for the units exists or is likely to develop. Your ability to resell your units also is restricted by the company agreement. The Company itself may continue in existence for 10 years from its formation (and longer at the discretion of the Manager), unless earlier terminated.

A significant portion of the Interests acquired by the Company may be in the Haynesville Shale formation, which is at a comparatively early-stage in its development. The Company may focus its acquisition of Interests in the Haynesville Shale formation located in the northwestern region of Louisiana and east Texas. This formation is considered to be in an early stage of development, though we believe that recent development activities and production results in certain areas of this formation may justify acquiring Interests in this formation. While we intend to focus our acquisition evaluation on areas situated within a path of oil and/or gas development, the core area of the Haynesville Shale formation and the paths of development in the formation are subject to change based upon production results by companies operating in the formation. As a result, the Company's acquisition and ownership of Interests in this formation may not generate sufficient revenues, if any, for the Company to distribute net cash to the members.

We may have conflicts of interest with you and the Company. We will be responsible for management of the operations of the Company, including the selection of any properties. There will be occasions when, in the exercise of our best judgment, we will be faced with conflicts of interest. These conflicts may arise due to our management's participation in oil and natural gas activities on behalf of our affiliates of ours, our provision of services to the Company, the indemnification by the Company of us or our affiliates, or other factors. We will attempt, in good faith, to resolve all conflicts of interest, including conflicts that arise as a consequence of the purchase or sale of properties between the Company and us or our affiliates, in a fair and equitable manner, consistent with our fiduciary obligations. We urge you to review the discussion under "CONFLICTS OF INTEREST" for a more complete description of possible conflicts of interests. There can be no assurance that any transaction with us will be on terms as favorable as could have been negotiated with unaffiliated third parties.

Compensation payable to us will affect distributions. We will receive compensation from the Company throughout the life of the Company. We may enter into transactions with the Company for services and will be entitled to compensation at competitive prices and terms as determined by reference to charges of unaffiliated companies providing similar services. Compensation payments to us will be due regardless of the Company's profitability and will reduce the amount of cash available to the Company for distribution to its members. *See* "OUR COMPENSATION."

The wells, if any, drilled on properties in which Company has an Interest, may be considered exploratory wells, which are riskier than developmental wells. When the Company acquires an Interest in an undeveloped oil and gas property, a third party operator may develop the property by conducting drilling activities for exploratory wells. See "PROPOSED ACTIVITIES." Drilling exploratory wells involves greater risks of dry holes and non-commercial wells than the drilling of developmental wells. Drilling developmental wells generally involves less risk of dry holes, although sometimes developmental acreage is more expensive. Unsuccessful drilling operations on properties subject to a Company Interest will reduce the amount potential revenues to the Company, and, as a result, reduce the amount of potential distributions to the members. This investment is suitable for you only if you are financially able to withstand a loss of all or substantially all of your investment.

Our intended exit strategy for the Interests may not succeed, and you could be assigned royalty interests and mineral interests. The Company's intended exit strategy in the Interests is to sell all or substantially all of the Interests owned by it within five to seven years from the termination of this offering. The timing of such a sale of Interests, if any, and the price received by the Company for the Interests will depend on market conditions and the amount of oil and gas production from properties subject to the Interests being sold, among other factors. Such a sale may be delayed beyond seven years. The price received by the Company for the Interests may be substantially lower than the price paid for the Interests. In addition, in the event a sale is proposed by us, and 67% or more of the members elect to take a direct assignment of their pro rata share of Interests in lieu of the sales proceeds, then we will assign the Interests to all investor members in accordance with their proportionate ownership of units in the Company. As a result, you may receive an interest in an oil and gas property instead of a distribution of cash

proceeds from a sale, regardless of your election to participate in the sale. *See* "PROPOSED ACTIVITIES – The Sale of the Company's Interests and the Election to Receive Direct Assignments."

Your subscription for units is irrevocable. Your execution of the subscription agreement is a binding offer to buy units in the Company. Once you subscribe for units, you will not be able to revoke your subscription.

We are dependent upon key managers to operate. Our ability to manage the Company is predominantly dependent upon our managers, Mark Solomon and Mark Mersman, who both manage the other limited liability companies sponsored by us. As a result, conflicts may arise with these companies, and others companies potentially sponsored in the future, in connection with the allocation of the time and services of our key managers. Our managers do not intend to devote their entire time to the Company. Management is required to devote to the business and affairs of the Company so much time as is, in their judgment, necessary to conduct such business and affairs in the best interest of the Company.

Acquiring Interests in properties in one area may increase the Company's risk. We will seek for the Company to acquire Interests in multiple locations and formations. To the extent that Interests in properties are acquired in one area at the same time, this may increase the Company's risk of loss. For example, if multiple wells in one area are drilled at approximately the same time, then there is a greater risk of loss if the wells are marginal or nonproductive since the operators will not be using the drilling results of one or more of those wells to decide whether or not to continue drilling prospects in that area or to substitute other prospects in other areas. This is compared with the situation in which we own Interests in properties in diverse locations. In the event the Company receives only the minimum capitalization or a capitalization amount insufficient to acquire Interests in multiple areas, then the investor members will be subject to a greater risk of loss of their investment.

Other companies we manage may compete with the Company for Interests and personnel. This is our fourth limited liability company engaged in the oil and gas industry. See "Prior Activities." We may offer interests in the future in other companies to be formed for substantially the same purposes as those of this Company. Therefore, multiple companies with unexpended capital funds, including companies formed after this Company, may exist at the same time. Due to competition among the companies for suitable Interests our personnel, the fact that companies subsequently organized by our affiliates and us may be purchasing Interests in properties when the Company is still attempting to purchase Interests may make the completion of Interest acquisition activities by the Company more difficult. Furthermore, as we continue to manage more companies we will need to increase our personnel in order to meet the staffing needs associated with our additional administrative responsibilities as manager of these companies. If we are unable to find suitable personnel to meet such needs, our ability to effectively manage the Company could be impacted.

The company agreement prohibits your participation in the Company's business decisions. You may not participate in the management of the Company's business. The company agreement of the Company forbids you from acting in a manner harmful to the business of the Company. If you violate the terms of the company agreement, you may have to pay the Company or other members for all damages resulting from your breach of the company agreement.

The company agreement limits our liability to you and the Company and requires the Company to indemnify us against certain losses. We will have no liability to the Company or to any member for any loss suffered by the Company, and will be indemnified by the Company against loss sustained by us in connection with the Company if:

- we determine in good faith that our action was in the best interest of the Company;
- we were acting on behalf of or performing services for the Company; and
- our action did not constitute gross negligence or misconduct by us.

Risks of Oil and Natural Gas Investments

Oil and gas investments are risky. Although the Interests will be in existing as well as potential income-producing oil, gas and/or mineral properties that will not involve any drilling by us, the acquisition and operation of oil and gas properties is not an exact science and involves a high degree of risk. There is no assurance that sufficient oil or gas production will be obtained or maintained to enable you to reach any certain projected rate of return on your investment in Interests, and it is possible that you may lose money. Additionally, it is expected that commodity

prices for oil and gas will fluctuate up and down each month, thus causing your cash flow from the sale of oil and gas to fluctuate monthly. Information acquired after the acquisition of the Interests may indicate that less oil and gas reserves exist than thought at the time of acquisition. You assume the risk that less oil and gas reserves exist than are being projected.

Prices of oil and gas are highly volatile, and any price declines would adversely affect the return on your investment. Revenues that the Company receives from its Interests, as well as the value of the Interests themselves, will depend in great part on then current domestic and foreign reserves and oil and gas prices and demand for oil and gas production. Global demand for oil and gas, oil controls, energy regulation, declining oil and gas production in the United States, global economic conditions, political conditions and energy conservation have, among other reasons, created volatile prices for oil and gas. The prices for domestic oil and gas production have varied substantially over time and may in the future decline, which would adversely affect the return on your investment in Interests. Prices for oil and gas have been and are likely to remain highly volatile.

The successful marketing of oil and gas produced from the properties subject to the Interests will be affected by a number of factors that are beyond our control and the control of operators. The marketing of any oil and gas produced by the wells in which the Company will own Interests will be affected by a number of factors that are beyond our control and the control of other operators on the oil and gas properties and whose exact effect cannot be accurately predicted. See "Competition, Markets and Regulation."

Government regulation and market conditions (including environmental regulation) may adversely affect the return on your investment. The oil and gas industry is subject to extensive governmental regulation at the local, state and national levels which relate to, among others, environmental standards, pollution control, remediation of contamination, preservation of natural resources and worker safety. This regulation may fix rates of production from wells and the prices for oil and gas produced from wells may be limited. Oil and gas operations are also subject to stringent laws and regulations relating to containment, disposal and controlling the discharge of hazardous oilfield waste and other non-hazardous waste material into the environment, requiring removal and cleanup under certain circumstances or otherwise relating to the protection of the environment. Governmental regulations relating to environmental matters could affect the operations of the oil and gas properties in which the Company holds an Interest by increasing the costs of operations or by requiring the modification of operations in certain areas. Any such government regulation could adversely affect the production and sale of oil and gas, which would adversely affect the return on your investment. "Competition, Markets and Regulation."

The sale of any oil or gas production from the properties in which the Company holds an Interest will also be adversely affected by seasonal demand and fluctuating market conditions, which can also be affected by government regulation. From time to time, a surplus of oil and gas occurs in areas of the United States. The effect of a surplus may be to reduce the price you may receive for oil or gas production or to reduce the amount of production from the properties. The nature and extent of various regulations, the nature of other political developments, and their overall effect upon the properties are not predictable.

Operations of the oil gas properties in which the Company may hold an Interest involve operating hazards that could adversely affect the production from those properties and the return on your investment. Oil and gas drilling operations are subject to many hazards inherent in the exploration and production business and otherwise, many of which may affect the timing of distributions, but not necessarily the ultimate receipt of such payments.

Shut-in wells and delays in production may adversely affect the properties in which the Company holds an Interest. Production from wells drilled in areas remote from marketing facilities may be delayed until sufficient reserves are established to justify construction of necessary pipelines and production facilities. In addition, production from wells may be reduced or delayed due to seasonal marketing demands. Wells subject to a Company Interest may have access to only one potential market. Local conditions, including closing businesses, conservation, shifting population, pipeline maximum operating pressure constraints, and development of local oversupply or deliverability problems could halt sales from wells subject to a Company Interest.

The production and producing life of the oil and gas properties in which the Company holds an Interest is uncertain, and production will decline. It is not possible to predict the life and production of the properties in which the Company may purchase an Interest. The actual life and production could differ from those anticipated, based on a variety of factors. Sufficient oil or gas may not be produced for you to receive a profit or even to recover your

investment. In addition, production from the oil and gas properties will decline over time. This production decline may be rapid and irregular.

Tax Risks

Tax risks of becoming a member. There are risks associated with the U.S. federal income tax consequences of becoming a member in the Company. You should read carefully the following discussion of tax risks together with the section entitled "FEDERAL INCOME TAX CONSIDERATIONS" below, which includes a more detailed discussion of the U.S. federal income tax consequences associated with becoming a member in the Company. Except where specifically mentioned, this memorandum does not discuss the foreign, state or local tax consequences or risks related to a becoming a member in the Company. In addition, because the tax consequences of becoming a member are complex and certain tax consequences may differ depending on individual tax circumstances, each investor should consult with and rely on his or her own tax advisor with respect to the tax consequences to him or her of becoming a member. No representation or warranty of any kind is made in this memorandum with respect to the acceptance by the Internal Revenue Service ("IRS") or any court of law regarding the treatment of any item of income, deduction, gain, loss or credit by an investor on his or her tax return.

Tax treatment depends upon partnership classification. The discussion of the tax consequences to investors of participating in the Company in this memorandum depends upon the classification of the Company as a "partnership" rather than "an association taxable as a corporation" for U.S. federal income tax purposes. The Company's status as a limited liability company under Texas state law is not determinative of this issue. However, we believe that under current law the Company should be treated as a partnership for federal income tax purposes and not as an association taxable as a corporation so long as an election is not made to treat the Company as a corporation for U.S. federal income tax purposes. It is anticipated that no such election will be made. Should the Company elect to be, or should the IRS successfully assert that the Company should be, treated as an association taxable as a corporation for federal income tax purposes, (i) income, gains, losses, deductions and credits of the Company would not flow through to the members, (ii) the taxable income of the Company would be subject to the federal income tax imposed on corporations at the Company level, and (iii) distributions would be treated as corporate distributions to the members and could be taxable as dividends or capital gains.

Allocations for income tax purposes. The Company intends to allocate among the members their allocable shares of income, gain, loss, deduction and credit in accordance with the terms of the company agreement. No assurance can be given that the IRS will not challenge the allocations set forth in the company agreement and assert that the Company's income, gain, loss, deduction and credit are properly allocable among the members in some other manner. See "FEDERAL INCOME TAX CONSIDERATIONS – Allocations." If the IRS successfully asserts that the Company's federal income tax items should be allocated in a different manner, the members could owe additional tax, penalties and interest.

Tax liabilities may exceed cash distributions. You must include in your own taxable income for a taxable year your allocable share of the Company's income, gain, loss, deduction and credit for the year, regardless of whether or not cash proceeds are actually distributed to you. As a result, you could be required to pay federal income tax based on your allocable share of Company taxable income without receiving a cash distribution from the Company. See "FEDERAL INCOME TAX CONSIDERATIONS – Tax Consequences to You." Although we intend to distribute the cash generated by the Company's operations, net of amounts necessary to pay the Company's obligations and expenses and a reserve for future expenditures and contingencies, we cannot guarantee that we will be able to make any cash distributions. Therefore, you may be required to utilize cash from other sources to pay your tax liability that flows through from the Company.

Nondeductible costs. A majority of your subscription will be used for costs and expenses that are not currently deductible. For example, the Company's costs to acquire Interests are capital expenses that cannot be currently deducted, but instead must be recovered through the allowance for depletion. *See* "FEDERAL INCOME TAX CONSIDERATIONS – Depletion Deductions." In addition, a portion of your subscription will be paid for organization and offering costs and sales commissions, and such costs are either not deductible for tax purposes or are subject to substantial limits. *See* "FEDERAL INCOME TAX CONSIDERATIONS – Deductibility of Organization, Offering and Start-up Costs." Therefore, although a material portion of your subscription may be expended in the early years of the Company's operations, the tax deductions for such expenditures, if any, will be limited or delayed until later years. Moreover, there can be no assurance or guarantee that the IRS will agree with the Company's categorization of its costs and expenses between currently deductible costs, costs that must be capitalized and amortized and non-

deductible expenses. If the IRS were to successfully argue that certain costs and expenses that are initially determined by the Company to be deductible are non-deductible capital expenses, each member could owe additional taxes and be liable for penalties and interest.

Your individual circumstances may prevent you from receiving certain tax deductions. Certain tax deductions, such as depletion, must be computed separately by the members. Therefore, the availability of such deductions to you as an investor member will depend, in part, upon your individual circumstances. We will provide sufficient information to you in order for you to compute available deductions. However, there can be no assurance of the amount or the type of deductions that may be available to a particular investor member.

Your interest in the Company will likely be subject to the passive activity loss rules. Company income, gain, loss, deduction and credit allocable to the members will likely be subject to the passive activity loss rules. *See* "FEDERAL INCOME TAX CONSIDERATIONS – Passive Activity Loss Limitations." As a result, you will only be allowed to use the expenses and deductions allocated to you as a member to offset income from the Company and other passive income that you may have, if any. Thus, if the Company has a net loss for a tax year, you will not be able to currently utilize that loss unless you also receive passive income from other sources. If you do not have passive income from other sources, the loss will be suspended. You may carry the suspended loss forward to offset future income, if any, from the Company or from other passive sources, or until you dispose of your interest in the Company to an unrelated party in a fully taxable transaction.

Current deductions for depletion may only defer your tax liability to a later year. Deductions for depletion must be recaptured as ordinary income if the Company disposes of its oil and gas Interests at a gain for tax purposes, or if you dispose of your interest in the Company at a gain for tax purposes. Therefore, some or all of the gain on the sale of your interest in the Company or on the Company's sale of an oil and gas Interest may be taxable at ordinary income rates. If so, then deductions in one year for depletion may only defer your tax liability until a later year.

Although the Company is intended not to generate taxable events for members that are generally exempt from taxation, this cannot be guaranteed. Certain entities that are otherwise exempt from federal income tax, such as individual retirement accounts and annuities ("IRAs"), qualified plans, and charitable organizations are nonetheless taxed on "unrelated business taxable income" ("UBTI") of $1,000 or more that they earn in any taxable year. Income from royalty interests in oil and gas properties and the gain from the sale of such interests generally do not produce UBTI. This income and gain can, however, qualify as UBTI as so-called "unrelated debt financed income" if the underlying royalty interests are acquired or improved through the direct or indirect use of debt. The Company intends to acquire Interest in properties that will produce income, both from the Company's ownership and sale of the Interests, that is not UBTI. In addition, the company agreement (i) provides that the Manager will use its best efforts to operate the Company in a manner that is intended to prevent the Company from realizing income that is UBTI, and (ii) prohibits the Company from incurring debt. Therefore, the Company is intended to produce income that is not UBTI for tax exempt investors. However, there can be no assurance or guarantee that the Company will be successful or that the IRS will accept and not challenge the Company's conclusion that its income from the Interests that it acquire is not UBTI. In addition, if a tax exempt investor borrows (or were deemed to borrow) funds to acquire or improve its interest in the Company, such investor's allocable share of income from the Company would constitute unrelated debt financed income and, therefore, UBTI to such investor. If all or any portion of the income from the Company constitutes UBTI, for members that invest with money from their IRAs, it is possible that the UBTI earnings from the Company could be subject to tax twice: once when amounts are earned by the Company and then again when distributions are made from the IRA to the investor. In addition, for tax exempt charitable remainder trusts and charitable remainder unitrusts, they will be subject to a 100% excise tax on any UBTI that they receive. Therefore, tax exempt prospective investor members are urged to consult their own tax advisors regarding an investment in the Company before becoming a member.

Audits of the Company's tax returns could result in increased taxes due by the members or audits of members' own tax returns. The IRS may audit the Company's tax returns. If an audit occurs, tax adjustments might be made that increase the amount of taxes due by the members or increase the risk of audit of members' own tax returns. The company agreement authorizes us to act on behalf of the Company and to use Company funds to defend against any audits. If an audit results in increased taxes being owned by the members, the Company may not make cash distributions to the members to allow them to pay the additional taxes. If this occurs, the members will have to utilize funds from other sources to pay their tax liabilities. If a member's individual returns are audited, the

cost of responding to the audit will be borne solely by the member whose returns are audited. See "FEDERAL INCOME TAX CONSIDERATIONS – Administrative Matters – Returns and Audits."

State and local tax laws may result in additional tax liabilities and filing obligations. Certain states and localities in which you may reside or where the Company conducts business may levy income taxes for which you may be liable in respect to your share of Company income. It may be necessary for you to file income tax returns with such states or localities to report such income. You are urged to consult your own tax advisor regarding the state and local tax risks and consequences of becoming a member in the Company.

The Company may be subject to state and local taxes. In Texas, the Company, rather than the individual members, will be subject to the state's franchise tax on a portion of the Company's gross revenue from its operations that is apportioned to Texas. In addition, as a result of the Company's operations, the Company may be subject to certain other state and local taxes. The Company's payments of such state and local taxes will reduce the amount of cash available for distribution to the members.

Changes in the tax law may occur at any time and may result in fewer tax benefits to the members. All U.S. federal tax matters discussed in this memorandum are subject to change without notice by legislation, administrative action and judicial decision. Such changes could deprive the Company and its members of certain tax benefits that they might otherwise receive, and any changes may or may not be retroactive with respect to transactions occurring prior to the effective date thereof.

Recently there have been specific legislative proposals concerning the tax treatment of exploring for and producing oil and gas, and some of those proposals reduce or eliminate some of the tax benefits described in this memorandum. For example, as part of its budget proposal for the 2012 fiscal year, the current administration proposed to repeal a number of the tax benefits currently available for the exploration for and production of oil and gas, including the current deduction of drilling expenses, percentage depletion for independent producers and the working interest exception to the passive activity loss rules. The administration's budget also included a proposal to increase the amortization period for geological and geophysical costs to seven years for all taxpayers (currently only major integrated oil companies are required to amortize geological and geophysical costs over seven years); exclude gross receipts from the sale of oil and natural gas from the calculation of the domestic production deduction; and eliminate certain tax credits that are potentially available in connection with the production of oil and natural gas. To date, these changes have not been enacted. These changes are proposed to take effect in 2012, and, if enacted, could have an adverse impact on the U.S. oil and gas industry. The same changes were proposed by the current administration as part of its budget proposals for the 2010 and 2011 fiscal years. Those proposals, however, were not enacted by Congress.

At this time it is not possible to predict whether any proposals to change the current U.S. federal tax law, including the administration's budget proposals, will be adopted at some point in the future. Therefore, each member is urged to consult with its own tax advisor regarding the impact that a change in the U.S. federal tax law could have on his or her decision to participate in the Company.

FORWARD-LOOKING STATEMENTS

This memorandum contains forward-looking statements that involve risks and uncertainties. You should exercise extreme caution with respect to all forward-looking statements made in this memorandum. Specifically, the following statements are forward-looking:

- statements regarding our overall strategy for acquiring interests in oil and gas properties, including our intent to diversify our investments;
- statements estimating any number or specific type, size or location of oil and gas properties that we may acquire;
- statements regarding the state of the oil and gas industry and the opportunity to profit within the oil and gas industry, our competition, pricing, level of production, or the regulations that may affect us;
- statements regarding the plans and objectives of our management for future operations, including, without limitation, the uses of Company funds and the size and nature of the costs we expect to incur and people and services we may employ;

- any statements using the words "anticipate," "believe," "estimate," "expect" and similar such phrases or words; and

- any statements of other than historical fact.

Forward-looking statements reflect the current view of management with respect to future events and are subject to numerous risks, uncertainties and assumptions, including, without limitation, the factors listed above in the section captioned "RISK FACTORS." Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Should any one or more of these or other risks or uncertainties materialize or should any underlying assumptions prove incorrect, actual results are likely to vary materially from those described herein. There can be no assurance that the projected results will occur, that these judgments or assumptions will prove correct or that unforeseen developments will not occur.

We do not intend to update our forward-looking statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements.

TERMS OF THE OFFERING

General

We are offering for sale a minimum of 10 units and a maximum of 120 units of membership interests in the Company at an offering price of $50,000 per unit. The minimum subscription per subscriber is $25,000 (½ unit). Subscriptions for less than one unit, or for lesser fractional units, may be accepted at our sole discretion. We will accept subscriptions for units until we have sold the maximum number of units offered, 120 units, or the offering expires. The Company's capital will not be utilized for any purposes until subscriptions have been accepted for at least 10 units ($500,000). As of the date of this amended and restated memorandum, 7 units of membership interests in the Company have been subscribed. We will purchase one unit issued by the Company prior to the termination of the offering, and we may, but are not required to, purchase additional units issued by the Company. We will be entitled to the same ratable interest per unit of Company interest we may own in the Company as other unit holders of Company interest. The purchase of units by us may permit the Company to satisfy its requirements to sell the minimum number of units in order to close the offering. Any units purchased by us will be made for investment purposes only and not with a view toward redistribution or resale of the units.

Offering Period

The offering period began on March 1, 2010 and will terminate on May 31, 2011, unless completed or terminated sooner, or extended in our sole discretion for a period not to exceed six months.

Subscriptions for Units

After a prospective member has carefully read this memorandum and the related documents attached to or described in this memorandum, subscriptions may be made by following the instructions at the front of the Subscription Booklet accompanying this memorandum. Specifically, each prospective member should (1) complete and sign (a) the Subscription Agreement (Document No. 1 to the Subscription Booklet); and (b) the Questionnaire, including the Purchaser Representative Questionnaire, if necessary (Document No. 2 to the Subscription Booklet) and (2) deliver or mail the completed Subscription Booklet, together with the entire amount of the purchase price of the units, to his or her broker dealer or to Unity Resources, LLC, 5600 Tennyson Parkway, Suite 115, Plano, Texas 75024.

The execution of the Subscription Agreement by a subscriber, or by his or her authorized representative in the case of fiduciary accounts, constitutes a binding offer to buy units in the Company and an agreement to hold the offer open until the subscription is accepted or rejected by us. Once you subscribe for units, you will not have any revocation rights, unless otherwise provided by state law.

We may, in our sole and absolute discretion, reject all or part of the subscription of any potential investor without liability to the subscriber. The execution of the Subscription Agreement and its acceptance by us also

constitutes the execution of the company agreement by a potential investor and an agreement to be bound by its terms as a member, including the granting of a special power of attorney to us appointing us as the member's lawful representative to make, execute, sign, swear to, and file a Certificate of Formation and any amendment thereof, governmental reports, certifications, contracts, and other matters.

Subscription proceeds of the Company will be held in a separate interest-bearing escrow account with BOKF, N.A. dba Bank of Texas, as escrow agent (the "Escrow Agent") until at least ten units in the Company have been subscribed for. If the minimum number of units in the Company are not subscribed for prior to the termination of the offering period, the Escrow Agent will promptly return all subscription proceeds to subscribers in full, with any interest earned on the subscriptions. If at least ten units have been subscribed for during the offering period, then we may, in our discretion, direct the Escrow Agent to disburse the funds in the escrow account, in whole or in part, at any time during the remainder of the offering period, and to pay to us all funds in the escrow account upon termination of the offering period.

Termination; Waiver

We reserve the right, in our sole discretion, to abandon or terminate the offering at any time during the offering period, to reject all or part of any subscription from any potential investor for any reason and, in the event that the offering is oversubscribed, to allot a lesser number of units than are subscribed by any method that we deem appropriate. We are not obligated to accept subscriptions in the order in which they are received. If the offering is terminated for any reason or if a subscriber's subscription is not accepted, we will cause all funds to be refunded promptly to the affected subscribers. In the event a subscriber's funds have been held by us for more than 30 days, we will return the subscriber's funds if such subscriber's subscription is not accepted by us for any reason.

Determination of Offering Price

There is no market or market price for the units of membership interest in the Company. We established the offering price of the units arbitrarily, without any arms-length negotiations or appraisal. Furthermore, the offering price does not necessarily bear any relationship to the Company's assets (tangible or intangible), book value, net worth or expected earnings. The offering price has not been derived using any recognized criteria of value.

Investor Suitability

The units are being offered only to Accredited Investors who submit a completed Subscription Agreement in the form set forth as Document No. 1 to the Subscription Booklet accompanying this memorandum. The units are suitable only for those investors (a) whose business and investment knowledge and experience makes them capable of evaluating the merits and risks of their prospective investment in the units and (b) who can afford to bear the economic risk of their investment for an indefinite period and have no need for liquidity in this particular investment. Each investor will be required to represent in writing that (i) it, he or she is acquiring units for its, his or her own account as principal, for investment and not with a view to resale or redistribution and (ii) it, he or she is aware that its, his or her transfer rights are restricted by the Securities Act, applicable state securities laws, and the absence of a market for the units.

Accredited Investors include those persons that meet at least one of the following standards:

1. The investor is a natural person whose net worth, or joint net worth with that person's spouse, at the time of such purchase, exceeds $1,000,000 (excluding the value of the investor’s primary residence);

2. The investor is a natural person whose individual income (excluding that of the investor's spouse) exceeded $200,000 in each of the two most recent years, or whose joint income with that person's spouse exceeded $300,000 in each of the two most recent years, and who reasonably expects to reach the same income level in the current year;

3. Any organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code"), corporation, Massachusetts or similar business trust, or Company not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

4. Any trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as defined in Rule 506(b)(2)(ii) of Regulation D; or

5. Any entity in which all of the equity owners are Accredited Investors.

Each investor must represent to the Company that he or she, either alone or with his or her purchaser representative, has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of investing in the units. Each investor must also represent that: (a) his or her overall commitment to investments which are not readily marketable is not disproportionate to his or her net worth, and his or her investment in the units will not cause such overall commitment to become excessive; (b) he or she has adequate net worth and means of providing for his or her current financial needs and personal contingencies to sustain a complete loss of his or her investment in the units; (c) he or she has evaluated the risks of investing in the units and understands that there is a substantial risk that he or she may lose all or substantially all of his or her investment in the units; and (d) he or she has substantial experience in making investment decisions of this type or is relying on his or her own tax advisor or other qualified purchaser representative in making his or her investment decision.

Each investor is required to complete and submit a Subscription Agreement to demonstrate that he or she qualifies as an Accredited Investor. In addition, investors may be required to provide the Company with any additional information needed by the Company to verify each prospective investor's qualification as an Accredited Investor.

Transferees of units seeking to become substituted members must also meet the suitability requirements discussed above, as well as the requirements for transfer of units and admission as a substituted member imposed by the company agreement. These requirements apply to all transfers of units, including transfers of units by a member to a dependent or to a trust for the benefit of a dependent or transfers by will, gift or by the laws of descent and distribution.

Where any units are purchased by an investor in a fiduciary capacity for any other person (or for an entity in which such investor is deemed to be a "purchaser" of the subject units) all of the suitability standards above will be applicable to such other person.

Investors are required to execute their own subscription agreements. We will not accept any subscription agreement that has been executed by someone other than the investor (or, in the case of fiduciary accounts, someone who does not have the legal power of attorney to sign on the investor's behalf).

SOURCES OF FUNDS AND USE OF PROCEEDS

Initial Sources of Funds

Upon completion of the offering, the sole funds available to the Company will be the capital contributions of the members, which will range from a minimum of $500,000 if the minimum subscription of ten units is sold to a maximum of $6,000,000 if the maximum 120 units is sold. As of the date of this amended and restated memorandum, 7 units of membership interests in the Company have been subscribed. There is no limit on the number of units we may elect to purchase in the Company.

Use of Proceeds

The total proceeds from the offering will be $500,000 if the minimum number of units offered (10 units) (the "Minimum Subscription") are sold and $6,000,000 if the maximum numbers of units offered (120 units) (the "Maximum Subscription") are sold. As of the date of this amended and restated memorandum, 7 units of membership interests in the Company have been subscribed. We estimate that our net proceeds from the sale of units in the Company will be approximately $445,000 assuming only the Minimum Subscription is achieved and $5,340,000 assuming we sell the Maximum Subscription, each after deducting the selling commissions, the due diligence and marketing allowance, the placement fee, the organization costs, and the offering fee. We intend to use the net proceeds from this offering for the acquisition of mineral and royalty interests in oil and gas properties and general Company operations as shown in the table below.

	Minimum Offering for Company (10 Units)	Percentage of Total Capital	Maximum Offering for Company (120 Units)	Percentage of Total Capital
Gross Offering Proceeds	$500,000	100%	$6,000,000	100%
Selling Commissions[1]	($35,000)	7%	($420,000)	7%
Due Diligence and Marketing Allowance[2]	($5,000)	1%	($60,000)	1%
Organization Expenses[3]	($10,000)	2%	($120,000)	2%
Offering Fee[4]	($5,000)	1%	($60,000)	1%
Total Initial Expenses	($55,000)	11%	($660,000)	11%
Net Offering Proceeds Available for Royalty Acquisition[5]	**$ 445,000**	**89%**	**$ 5,340,000**	**89%**

(1) Payable to soliciting dealers for registered representatives. See "PLAN OF DISTRIBUTION."

(2) Non-accountable expense payable to soliciting dealers.

(3) Payable to us for reimbursement of printing, legal, accounting, travel, mailing, third party due diligence, escrow and assignment costs in connection with this offering.

(4) Fee payable to us for sponsoring the offering.

(5) Includes the purchase price of Interests, general and administrative fees not to exceed 12%, engineering evaluation, title work, due diligence expenses, and other third party professional services. Please see "OUR COMPENSATION" below.

We may be reimbursed for all general and administrative expenses allocable to the Company in connection with the acquisition and sale of Interests in an amount not to exceed 12% of total investor subscriptions. *See* "OUR COMPENSATION." Assuming the maximum reimbursement to us for general and administrative expenses, 77% of investor subscriptions will be available to the Company to acquire and sell Interests, including the actual purchase price of the Interests, broker fees and landmen fees as applicable. The table and estimates above represents our best estimate of the allocation of the proceeds of the offering, based upon our current plans and current economic conditions. The amount and timing of expenditures will vary depending upon a number of factors, including the Company's ability to acquire mineral and royalty interests in potential and existing income-producing oil and gas properties.

Subsequent Sources of Funds

We anticipate that substantially all of the Company's initial capital will be committed or expended within six months after the termination of this offering. Any additional funds needed for Company operations must come from cash flow from operations, the sale of interests in Company properties. The company agreement prohibit the Company from borrowing any amounts, at any time for any reason.

PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES

Distributions

Except as discussed below, cash distributions, if any, from operations will be made monthly as follows: (i) first to the investor members until they have received distributions equal to their original capital contributions plus an amount equal to 7% of their original capital contributions on an annual and non-compounding basis; and (ii)

second, 75% to the investor members and 25% to us. In other words, each investor member will be entitled to receive distributions in an amount equal to his or her capital contribution plus a 7% return on that contribution for each year of the Company's existence, on a non-compounding basis. Any remaining net cash available for distribution above those amounts will be distributed 75% to the investor members and 25% to us.

Distributions, if any, from the sale of all or substantially all of the Company's Interests will be made to the investor members on the same basis as the operating distributions described in the preceding paragraph. *See* "PROPOSED ACTIVITIES – The Sale of the Company's Interests and the Election to Receive Direct Assignments."

Notwithstanding the foregoing, if and to the extent that the Manager determines in its sole discretion that an investor member (or members) and/or the Manager will have a tax liability for a taxable period as a result of the allocation of profits to it from the Company that exceeds the amount of cash distributed to it from the Company for such taxable period, the Manager is authorized to cause the Company to distribute cash to such investor member (or members) and/or the Manager in such amounts as determined by the Manager to permit the payment of the tax liability. Any distributions that are made to an investor member (or members) and/or to the Manager for tax purposes will be considered to be advance distributions from the Company.

Profits and Losses

Except as required otherwise by U.S. federal tax law, profits of the Company will be allocated: (i) first, to the extent of, in the same proportion as and in reverse order to losses, if any, that were previously allocated to the investor members and to us that have not previously been restored by an allocation of profits; (ii) second, to the investor members until they have received cumulative allocations of profits equal to the 7% annual and non-compounding return; and (iii) third, 75% to the investor members and 25% to us.

Except as required otherwise by U.S. federal tax law, losses of the Company will be allocated: (i) first, to the extent of, in the same proportion as and in reverse order to any undistributed profits that were previously allocated to the investor members and to us that have not previously been offset by an allocation of losses; and (ii) second, to the investor members and to us based on our respective positive adjusted capital account balances.

Cash Distribution Policy

Except in the case of distributions to pay taxes as discussed above, we will review the accounts of the Company monthly for the purpose of determining the Net Cash (as defined in the company agreement) available for distribution. The ability of the Company to make or sustain cash distributions will depend upon numerous factors. No assurance can be given that any level of cash distributions to the members will be attained, or that any level of cash distributions can be maintained. See "RISK FACTORS."

Termination

Upon termination and final liquidation of the Company, the assets of the Company, if any, that remain after due provision has first been made for, among other things, payment of all Company debts and liabilities, will be distributed as discussed above under "— Distributions." If a member has a deficit balance in his capital account, there will be no obligation to restore such a deficit when the Company terminates and liquidates.

Amendment of Company Allocation Provisions

We are authorized to amend the company agreement if, in our sole discretion based on advice from our legal counsel or accountants, an amendment to revise the cost and revenue allocations is required or advisable for the allocations to be recognized for federal income tax purposes either because of the promulgation of Treasury Regulations (as defined below) or other developments in the tax law. Any new allocation provisions provided by an amendment are required to be made in a manner to conform as nearly as possible with the original allocations. We are also authorized to amend the manner in which capital accounts are maintained if we determine that it is necessary or prudent to comply with the applicable Treasury Regulations, provided that it is not likely to have a material effect on the amounts distributable to the members upon the dissolution of the Company.

OUR COMPENSATION

The following table summarizes the items of compensation to be received by us from the Company:

Recipient	Form of Compensation	Amount
Manager	Interest in the Company	As the Manager of the Company, we will receive 25% of the Company's cash flow after the investor members have received an amount equal to their original capital contributions, plus an amount equal to 7% of their original capital contributions to the Company on an annual and non-compounding basis.
Manager	Management Fee	The Manager of the Company is entitled to an annual management fee equal to 0.75% of initial aggregate investor subscriptions, subject to a cap of 10% of the Company's annual cash flow. The fee will be paid on a quarterly basis.
Manager	Reimbursement of direct costs	We will be reimbursed for certain direct costs associated with the acquisition and sale of Interests paid by us, including broker and landmen fees, as applicable, and, in the case of a sale of the Interests, the costs of third-party engineering evaluations and reports.
Manager	General and administrative expenses	We will be reimbursed for all general and administrative expenses allocable to the Company in connection with the acquisition and sale of Interests in an amount not to exceed 12% of total investor subscriptions.
Manager	Organization Costs	We will be reimbursed by the Company for our organization costs in amount equal to 2% of investor member's capital contributions. Organization costs include legal, accounting, travel, mailing, third party due diligence, escrow, assignment and other costs incurred by us in connection with the formation of the Company and this offering. If the organization costs are less than 2% of the subscription proceeds in the aggregate, then we will keep the difference. If such costs are in excess of 2% of the subscription proceeds, then we will pay such excess ourselves.
Manager	Offering Fee	We will receive an offering fee in an amount equal to 1% of investor member's capital contributions as compensation for our sponsorship of the offering.
Unaffiliated Third Party	Royalty and Mineral Interest Management Fee	An unaffiliated third-party, Farmers National Company, will receive a fee equal to 6% of the gross income from royalty interests held by the Company and certain other processing and transaction fees defined in the Company's management agreement with them.

The Manager will be reimbursed for all general and administrative expenses in connection with the acquisition and sale of the Interests in an amount not to exceed 12% of total investor subscriptions in the Company. General and administrative expenses means all customary and routine legal, accounting, geological, engineering, travel, office rent, telephone, compensation to officers and employees, and other incidental expenses of the Manager incurred in connection with the Interests. General and administrative expenses also include all reasonable and necessary costs and expenses incurred in connection with searching for, screening and negotiating the possible acquisition of

Interests for the Company and the performance of reserve and other technical studies. The Company will reimburse the Manager for certain direct costs paid by it relating to the acquisition and sale of the Interests in oil and natural gas properties, including broker and landmen fees as applicable and, in the case of a sale of the Interests, the costs of third-party engineering evaluations and reports.

We will contract with an unaffiliated third-party, Farmers National Company, to perform financial and accounting services, administrative and office services, among other technical and administrative services relating to any Interests acquired by the Company. Farmers National Company will receive a fee equal to 6% of the gross income from royalty interests held by the Company and certain other processing and transaction fees defined in the Company's management agreement with them. A copy of the form of management agreement with Farmers National Company is attached to this memorandum.

PROPOSED ACTIVITIES

General

We are offering units of membership interests in the Company formed to acquire mineral and royalty interests in potential and existing income-producing oil and gas properties. The Company provides investors the opportunity to participate in the oil and gas industry without the liability associated with working interest and drilling programs. We anticipate that the Company will acquire Interests in properties located primarily in Louisiana, Texas, Oklahoma and Arkansas, and possibly elsewhere in the continental United States. The Company may acquire a significant portion of its Interests in the Haynesville Shale formation located in northwestern Louisiana and east Texas but may also acquire Interests in other formations. We will also analyze Interests for potential acquisition in the Fayetteville Shale formation in Arkansas, the Woodford Shale formation in Oklahoma, and the Barnett Shale, Eagleford Shale and Permian Basin formations in Texas.

The majority of the Interests acquired by the Company will consist of mineral and royalty interests in properties that are undergoing current development or that we believe will undergo development in the future, though the Company will also acquire Interests in currently producing oil and gas properties. We plan to use approximately one-third of the Company's capital available for acquisitions to purchase Interests in currently producing properties. When evaluating Interests in undeveloped properties for possible acquisition, we will consider the proximity of the properties to existing oil and/or gas production and whether the properties are situated within a path of development established by other oil and gas companies.

When we acquire mineral interests in undeveloped properties that are not already subject to leases or that have leases with expiration dates occurring in the near future, our intent will be to sell leasehold rights at a future time to acreage either containing unproved reserves or otherwise believed by us to be located within a path of future development to oil and gas companies in consideration for a lease bonus and a royalty interest. Alternatively, we may acquire mineral interests in properties currently subject to leases and undergoing development. In that instance, we will obtain the same right to receive royalty payments as the mineral owner from which we acquire the Interest.

The Company's intended exit strategy in the Interests is to sell all or substantially all of the Interests owned by it within five to seven years from the termination of this offering. We will seek to maximize the return received by the Company from the sale of the Interests in properties by bundling the Company's properties together in a single package. The timing of such a sale of Interests, if any, and the price received by the Company for the Interests will depend on market conditions and the amount of oil and gas production from properties subject to the Interests being sold, among other factors. Investor members will also have the option to receive a direct assignment of Interests in lieu of a cash payment in the event the Company sells or attempts to sell substantially all of its interests. *See* "PROPOSED ACTIVITIES – The Sale of the Company's Interests and the Election to Receive Direct Assignments."

Acquisition Model

When evaluating Interests in undeveloped properties for possible acquisition, we will consider the proximity of the properties to existing oil and/or gas production and whether the properties are situated within a path of development established by other oil and gas companies. When acquiring Interests in undeveloped oil and gas properties, we will acquire Interests in properties on which developmental and exploratory wells will be drilled. A developmental well is a well drilled close to the same formation as wells that have already produced and sold oil or natural gas. An exploratory well is one that is drilled in an area where there has been no oil or natural gas

production, or a well that is drilled to a previously untested or non-producing zone in an area where there are wells producing from other formations.

We intend to diversify the Company's exposure in currently producing and/or planned development properties by acquiring smaller Interests in as many different unitized acreage sections as possible, though not all of the Interests acquired by the Company will be on unitized properties. Royalty interest owners generally share proportionally in the income from any production within a unitized section, regardless of the physical location of the well in the area. This unitization of a section means that even a single acre within the area will participate in production on a proportional basis. The state of Louisiana, for instance, classifies a unit as a pooled 640-acre section designed to promote maximum recovery of natural resources, prevents drilling unnecessary wells, and protects the rights of the mineral owners. While the unit size and standards vary from state to state, pooling generally allows for proportional distribution of royalty payments to all royalty owners in a given unitized section. Therefore, regardless of where a well is drilled within a unitized section, the Company will receive its percentage share of royalty payments.

In addition, we intend to invest no more than 20% of the Company's capital in any single pooled or unitized area, though we may, in our sole discretion, invest more if warranted by the circumstances. In the event less than the maximum is raised, then the diversification of the Company's oil and gas properties will be limited. *See* "Risk Factors." Risks may be spread to a limited extent by making acquisitions in several different properties in multiple geographic locations. However, until the amount of funds to be available for the Company's acquisition activities is determined, the precise number of properties cannot be determined.

Our due diligence process will analyze each potential acquisition's lease structures and defined development timelines, operator capitalization and drilling strategies, and each acquisition's proximately to pipeline and/or transportation infrastructure to ensure that the resources produced can be brought to market without undue delay. We performed the identification, analysis, review, and evaluation with respect to the properties in which we hold an interest. Our goal has been to seek to acquire for purchase mineral and royalty interests through auction and private negotiations. In order to identify and evaluate possible Interests for acquisition on producing properties, we will seek to find properties that meet the following criteria, among other things:

- Large monthly revenue volumes,
- Multiple wells,
- Large monthly production volumes,
- Reputable owners of properties,
- Flat or minimal decline curves, and
- Room for additional growth.

The Sale of the Company's Interests and the Election to Receive Direct Assignments

We anticipate that the Company will sell all of its Interests in the oil and gas properties owned by it within five to seven years from the termination of this offering, though we cannot guarantee the timing or success of such a sale. Our intention is to maximize the return received by the Company from the sale of the Interests in properties by bundling the Company's properties together in a single package. At other times, for varying reasons regarding operations, economics, or market conditions, we may make a determination that it is in the best interest of the Company to sell an individual property, or part of a property, rather than hold it for its revenue. The timing of such a sale of Interests, if any, and the price received by the Company for the Interests will depend on market conditions and the amount of oil and gas production from properties subject to the Interests being sold, among other factors. As described below, investor members may have the option of receiving their proportionate share of the proceeds of a sale or receiving a direct assignment of their pro rata share of Interests.

When we determine, in our sole discretion, that it is appropriate to sell all of the Company’s Interests, we will have all of the Interests valued by an independent valuation expert. The expert will determine the aggregate value the Company’s Interests on the basis that the Interests will be sold together as a single package (the "Exit Value"), and the expert will assign a relative value based on the Exit Value to each individual Interest owned by the

Company (the "Individual Interest Value"). Once the valuation expert provides the Company with a written valuation of the Company's portfolio of Interests, the Company will notify each investor member in writing (i) of the amount of the Exit Value, and (ii) each investor member's option to:

(a) have the Company attempt to sell its Interests and distribute the net cash proceeds to the investor members and to the Manager pursuant to distribution provisions of the company agreement (the "Cash Option") as described above under "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES – Distributions"; or

(b) to receive an in-kind assignment of the investor member's proportionate share of each individual Interest owned by the Company (the "In-Kind Option").

Investor members will have 30 days from the date of the notice to elect either the Cash Option or the In-Kind Option. If an investor member does not respond with its election within 30 days, then the investor member will be deemed to have elected the Cash Option. The Cash Option will only be available if investor members owning more than 33% of the outstanding units of membership interest in the Company elect the Cash Option. If investor members owning 67% or more of the outstanding units elect the In-Kind Option, then the In-Kind Option will apply to all investor members. If investor members owning more than 33% of the outstanding units of membership interest in the Company elect the Cash Option, then the Cash Option will be available for the investor members who elect the Cash Option and the In-Kind Option will be available to the investor members that elect that option.

Under the In-Kind Option, the Company will assign in-kind to an investor member and itself an undivided proportionate share of each Interest owned by the Company so that the value of the undivided interests, in the aggregate and based on the Exit Value and the Individual Interest Values, will be equal to the amount of cash that the investor member and the Manager would have received had the Company sold all of its Interests for the Exit Value and distributed the cash in accordance with the distribution provisions of the company agreement. As a result, the amount of interests assigned to an investor member under the In-Kind Option will reflect the amount of the Manager's carried interest in the Company. The assignment of undivided shares of the Company's Interests to an investor member under the In-Kind Option will be in complete redemption of its membership interest in the Company, and each investor member will cease to be a member of the Company once it receives all of its in-kind assignments.

If the Cash Option is available, the Company will first assign a portion of its Interests to the investor members who elect the In-Kind Option and the Manager as described above. The investor members that elect the In-Kind Option will cease to be members of the Company after they receive their in-kind assignments. The Manager will then endeavor to sell all of the Company's remaining Interests as a single package in one or a series of transactions. No assurance or representation can be given that the Company will be successful in selling its remaining Interests as a single package, or that the Company will be able to sell its Interests for a specific value (including the Exit Value) or within any period of time after investors make their exit elections. If and when the Company is able to sell its remaining Interests, the net proceeds from such sales will be distributed among the remaining investor members and the Manager pursuant to distribution provision of the company agreement as described above under "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES – Distributions". As a result, the amount of proceeds distributed to the investor members under the Cash Option will reflect the amount of the Manager's carried interest in the Company. The Company will terminate and liquidate once the Company sells all of its remaining Interests.

Operation of Properties

The management of the operations and other business of the Company will be our responsibility as the Manager. We and our affiliates will not be the operator of any of the properties in which the Company owns an Interest. As a result, we will not control the operations conducted on any of the properties in which we own an Interest.

Title to Properties

Record title to the Company's properties will be held in the name of the Company. We believe that the title to the oil and natural gas properties we acquire will be good and defensible in accordance with standards generally

accepted in the oil and natural gas industry, subject to exceptions which, in the opinion of Manager, acting on behalf of the Company, will not be so material as to detract substantially from the use or value of such properties. The Company's properties will be typically subject, in one degree or another, to one or more of the following: pooling, unitization and communitization agreements, declarations and orders; and easements, restrictions, rights-of-way and other matters that commonly affect property. To the extent that such burdens and obligations affect the Company's rights to production revenues, they will be taken into account in calculating the Company's new revenue interests and in estimating the quantity and value of the Company's reserves. We believe that the burdens and obligations affecting its properties will be conventional in the industry for properties of their kind.

Frequently Asked Questions

Q. What is a royalty interest?

A: Generally, the owner of a mineral interest actually owns the minerals under the ground and also has the exclusive right to produce them, or sell them, or even give them away if desired. Since the mineral owner actually owns the minerals, he or she can produce the minerals by drilling a well or can give someone else (an oil company for instance) permission to drill a well for them. The oil company then promises them a share of any production, in the form of a "lessor's royalty." This royalty is spelled out using an oil and gas lease that the mineral owner and the company sign.

A common royalty given to mineral owners by oil companies is 3/16th's of the production. The oil company keeps the other 13/16th's for their part in drilling and producing the well, and bearing all the costs of doing so. The royalty interest owner has ownership of a percentage of production or production revenues, produced from the leased acreage. The royalty owner does not bear any of the cost of exploration, drilling, producing, operating, marketing or any other expense associated with drilling and producing an oil and gas well.

Q: Why would someone sell their royalty interest?

A: For a variety of reasons. For example, a royalty owner may want an up-front, lump sum instead of waiting for production checks. In these cases, there exists a secondary market for royalty interests where royalty owners may find buyers who make them an offer based on current and projected revenue from the royalty interest. Some royalty interest owners bequeath their royalty interests to churches or universities. Often these entities sell the donations rather than account for them.

Owning a royalty interest does not mean that the owner is necessarily getting revenue from that interest. A well has to be successfully drilled and completed on the leased acreage before any royalty owner can expect to receive a check from the oil company. As a result, royalty owners often sell a portion of their interest just in case the drilling is unsuccessful or never occurs.

Q: How much monthly income may royalty owners receive?

A: That depends on a number of variables. If a well or some wells have been successfully drilled and completed, then the revenue generated comes from the marketing of the volume of oil and/or natural gas produced. Some wells produce only oil, some only natural gas, and some produce both. If a wells is considered a dry hole or non-commercial, then such well will generate no revenues to the owner of a royalty interest in the well.

Oil is sold by the barrel, which equals 42 gallons. It is pumped out of the well and held on-site in a storage tank. When the tank is full, a tank truck comes and siphons the oil from the tank. A buyer pays the oil company based upon the prevailing commodity price per barrel of oil, with some discounting for oil quality. Oil prices can vary dramatically month to month. For example, oil sold for over $145 per barrel in July 2008 and for less than $38 per barrel in February 2009.

Natural gas is sold by the MCF, or thousand cubic feet. It flows from the well into a pipeline system that gathers natural gas from surrounding wells. A buyer pays the oil company based upon the prevailing commodity price per MCF of natural gas, with some discounting for gas quality. Natural gas prices can vary dramatically as well. For example natural gas sold for almost $12 per MCF in June 2008 and for $2.50 in September 2009.

The oil company in charge of the well is called the "operator." The monthly revenue the operator receives from the purchasers of the oil and the natural gas for a particular well equals the monthly volume of oil and/or gas produced from that well times the prevailing commodity price, minus quality adjustments. That sum is then divided between the various interest owners in the well. Typically, there is a 2 to 4 month lag time between production date and revenue distribution.

An owner of a package of royalty interests could have many different operators of the wells in which they have an interest. The owner of the package then would gather the revenue from each of the operators and distribute the monthly revenue to the investors.

The monthly income to royalty owners can vary dramatically, or can be fairly consistent, depending on the prevailing price of oil and natural gas, and the volume of oil and natural gas produced.

Q: *How many oil and gas properties may the Company acquire?*

A: We plan to use approximately one-third of the Company's capital available for acquisitions to purchase Interests in properties with currently producing oil and/or gas wells. The remaining Interests acquired by the Company will consist of mineral and royalty interests in properties that are undergoing current development or that we believe will undergo development in the future. Generally, an operator that holds a lease decides when, where, and how many wells will be drilled, if any, subject to the applicable rules of the federal, state and local governments. The royalty interest owners, such as the Company, have no control over the wells, either before or after they are drilled and completed.

Oil and natural gas exists beneath the surface of the Earth, embedded in the rock formations. In order to properly drain any given productive formation or zone, the residing governing body establishes rules of conservation. Among them are rules about the number of wells to be drilled in a given section of land. In addition, advanced technology in drilling techniques allows operators potentially to drill fewer wells, but drain more of the formation.

The number of oil and/or gas well in which the Company will own an Interest will depend on a number of factors, including the amount of money raised by the Company, the price of Interests in producing properties, the price of Interests in non-producing properties, the successful drilling and completion of new wells on any Company properties by operators, the administrative rules that govern the leased acreage, and the technology used by the operators on Company properties.

Q: *What is the exit strategy for the Company?*

A: We intend to sell all or substantially all of the Interests held by the Company within 5 to 7 years of the termination of the offering, though we cannot guarantee the timing or success of such a sale. Your ability to exit the Company is limited due to the lack of a public market for units and the transfer restrictions in the company agreement. If we get what we believe is a good offer for the Company's Interests, then you will have the option at that time of either getting your proportionate share of the sales proceeds or taking ownership of your pro rata shares of the Interests as a direct assignment. *See* "PROPOSED ACTIVITIES – The Sale of the Company's Interests and the Election to Receive Direct Assignments." If something were to happen to us before Company has been terminated, then members, holding a majority interest in the Company, may select a new manager for the Company.

Q: *How will the Royalty and Mineral Interest buying process work?*

A: We will identify which royalty and mineral interests that the Company should buy, based upon our acquisition criteria for the Company. *See* "PROPOSED ACTIVITIES – Acquisition Model." After an Interest is purchased by the Company, the Interest will be assigned to the Company, and not to us. Farmers National Company will provide administrative and accounting services for the Interests. By logging onto our website (www.unityresources.net), investor members will have access to information about the Interests being acquired by the Company, such as when an Interest was purchased, the price paid for an Interest, and the revenues to the Company from the Interest.

Q: *What is unitization*?

A: Unitization refers to the combining together of several producing leases over a pool of oil or gas to form one large "unit." Having one large unit, or "lease" allows all the wells to work together "as a team" in order to more efficiently produce oil and gas that would otherwise be unrecoverable. One well could be used as an "injection" well into which a substance would be injected to "push" previously unrecoverable quantities of oil and gas out of the other wells in the unit. Everyone in the unitized field will share in the production based on their acreage contribution to the unit. While this means that a royalty owner's interest will be reduced (as it now owns a smaller piece of a larger drilling unit) it also means that it will be paid royalty on oil and gas that would otherwise remain in the ground. A field in not normally unitized until conventional methods of recovery have been exhausted; thus it usually occurs some time after initial production from the field is obtained.

An operator cannot affect the mineral interest owner's rights under the lease without the permission to pool or unitize, which is why they usually include permission to do so in the lease. Without the power to unitize or pool, the term of the lease (i.e. three years) could not be extended without drilling a well on the lease, whereas with pooling or unitization power, the lessee can extend the term by drilling anywhere on the pooled or leased premises.

MANAGEMENT

General

Unity Resources, LLC, a privately owned limited liability company formed in 2008, will serve as the initial Manager of the Company. As the Manager, we will actively manage and conduct the business and oversee the day-to-day operations of the Company. As compensation for our services, the Company will pay us the management fees and the company interest as described in the section of this memorandum entitled "OUR COMPENSATION." We will be responsible for maintaining the Company's bank accounts, collecting Company revenues, making distributions to the members and delivering reports to the members. We will supervise the acquisition of the Interests. We and our managers, officers, and employees will devote as much of their time and talents to the management of the Company as necessary for the proper conduct of the Company's business.

We will contract with an unaffiliated third-party, Farmers National Company, to perform financial and accounting services, administrative and office services, among other technical and administrative services relating to any Interests acquired by the Company.

In the event that the members desire to remove us as manager, they may do so at any time upon ninety (90) days written notice, with the consent of the members owning 70% in interest of the then outstanding units held by members. The members may then select a successor manager by a vote of the members owning a Majority in Interest (as defined in the company agreement) of the then outstanding units.

Mr. Mark Mersman, co-founder, principal and president is responsible for prospect generation and assesses investment opportunities on a continual basis, assisting with engineering evaluations and due diligence on prospective royalty purchases. He is responsible for all asset portfolio management decisions and also provides oversight of the company's day-to-day activities.

Mr. Mark Solomon, co-founder, principal and vice-president also manages our institutional and retail channel marketing strategies within the broker-dealer community as well as implementation of the company's public relations efforts. In addition, he also provides oversight of various day to day activities.

Ms. Ashley Kocian is Vice President of Operations at Unity Resources, LLC. With over six years experience as an oil and gas landman, Ms. Kocian is responsible for researching potential property acquisitions, preparing closing documents and filing all county and parish deeds and records. She works closely with Unity's marketing team to provide Investor support information including welcome packages, monthly newsletters, and property development updates.

Ms. Susan Andress is a Director of National Accounts of Unity Resources, LLC. She is responsible for developing, managing and expanding Unity Resources' relationships with her extensive network of broker/dealer

and registered representatives throughout the nation. In addition, she will be utilizing her geologic background to help evaluate various investment opportunities.

Because the Company will own non-operating interests in the oil and gas properties acquired by it, neither us nor Farmers National Company will choose or control the operators of the oil and gas properties in which the Company owns an Interest.

Unity Resources, LLC

Mark Mersman, 43, is a co-founder and principal of Unity Resources, LLC. In addition to his position with Unity Resources, LLC, Mr. Mersman is currently president of a private wealth advisory firm Mersman Capital Management, Inc. The company was formed in September 2007 and provides portfolio management for high net worth individuals. Prior to forming Unity Resources in 2008, he served as Regional Vice President for Fisher Investments from April 2000 to September 2007, where he was a consistent top quartile producer, managing a combined client portfolio of over $200 million. At Fidelity Investments, he held the positions of Retirement Consultant from February 1997 to April 2000 and Financial Representative from October 1993 to February 2007. He specialized in assisting high net worth clientele with discretionary money management services, retirement planning, and development of income strategies during his tenure with Fidelity. Mr. Mersman assisted in increasing overall retirement asset acquisition for the Dallas marketplace, registering a 90% increase from 1998 to 1999. He began his financial services career at American Express Financial Advisors in November 1992 prior to his move to Fidelity Investments in October 1993. Mr. Mersman has previously held FINRA licenses 7, 63, and 65, and holds the designation of chartered retirement counselor. Mr. Mersman graduated with a B.S.B.A. in Marketing with a minor in finance from the University of Arkansas at Fayetteville, Arkansas.

Mark Solomon, 36, is a co-founder and principal of Unity Resources, LLC. Mr. Solomon has worked within the financial services industry for over ten years including as a financial advisor with Morgan Stanley from April 2001 to February 2002. He has served as Vice President of Assurnet Insurance Agency, his family's business, since 1991. Prior to forming Unity Resources in 2008, Mr. Solomon served as vice president of Chestnut Petroleum and as a registered representative at the company's broker-dealer arm, Plummer Securities, from February 2002 to May 2004. During his time with Chestnut, he assisted the company with raising private investor assets to support the funding of several multi-well drilling programs. From January 2005 to March 2006, Mr. Solomon performed a similar role as a registered representative with Mullins & White Exploration, now Guardian Oil & Gas, and its wholly owned broker-dealer, M&W Financial. In addition, he was Director/Vice President of Sales for AmericanTeachers.com, a web-based company that provided state- and district-specific retirement planning services for teachers from August 1998 to April 2001. From August 1997 through September 1998 he worked in the auto and life insurance industries in sales and administration. Mr. Solomon is a graduate of Texas A&M University, with a BA in Finance. Mr. Solomon has previously held FINRA licenses 6, 7, 31, 63, and 65. In addition, he is a Certified Professional Insurance Agent (CPIA) and General Lines Agent (Life, Property, and Casualty).

Ashley Kocian, 24, is Vice President of Operations at Unity Resources, LLC. Prior to joining Unity Resources, Ms. Kocian held Lease Administrator/Title Examiner positions at PFM, LLC from May 2007 to January 2009 and OGM Land Company from May 2006 to January 2007. In addition, she served as an Administrative Assistant with OGM Land Company from March 2003 to April 2006. Her experience includes auditing lease and mineral reports in preparation for asset liquidation, performing well sweeps to determine if an area of interest was a profitable opportunity or held by production, and creating ownership reports and run sheets to illustrate the chronological flow of mineral and surface interest rights. Ms. Kocian holds a Bachelors of Business Administration from the McCoy College of Business Administration at Texas State University.

Susan Andress, 55, is a Director of National Accounts of Unity Resources, LLC. Ms. Andress began her career as an exploration geologist in West Texas exploring for oil and gas reserves and raising private funds from high net-worth investors. Her most recent projects include structuring a private oil and natural gas drilling program with Coronado Exploration & Production from April 2009 through October 2009 and as a Business Development Manager at Texas Energy Holdings, Inc. from July 2008 through January 2009. While at Texas Energy Holdings, she was responsible for developing the Company's Central Division, which encompassed all states mid-continent from Denver, Colorado to Chicago, Illinois. Her efforts lead to securing subscriptions totaling 28% of the Company's 3rd quarter drilling program's total raise and 20.05% of the 4th quarter drilling program's total raise. From November 2007 to June 2008, she served as Vice President of Sales at Geneva Organization where she was responsible for developing, managing, and expanding Geneva's relationship with its network of broker/dealer representatives on a nationwide

basis. From March 2007 to November 2007 she provided sales support for Discovery Resources, leading the Company's expansion efforts into the broker/dealer community. In November 2005 she joined Striker Petroleum to assist with due diligence efforts and wholesaling. She managed three internal wholesalers leading the team in raising over $80MM in direct investments and 1031 exchanges until leaving the company in March 2007. She is a trained geologist, having earned her Bachelor of Science degree in Geology from Hardin Simmons University in Abilene, Texas and is certified to teach science at all levels. She assisted in establishing a geology department at Abilene Christian University and stayed on staff to teach part-time for the first four years. She is a registered Representative with her Series 7 and 63 licenses. She is a member of the Dallas Geologic Society and the Adam Energy Forum.

Ownership of Manager

The following table contains revised information regarding the membership interests of Unity Resources, LLC, owned by each person who owns beneficially 5% or more of the outstanding membership interests, by all managers and executive officers of Unity individually, and by all managers and executive officers of Unity as a group. Unity Energy Holdings, LLC is a Texas limited liability company owned by Mark Mersman and Mark Solomon.

Name and Address	**Percent of Class**
BK Cook Family Limited Partnership, LP 2200 Arcady Lane Corsicana, Texas 75110	20%
Unity Energy Holdings, LLC 5600 Tennyson Pkwy, Ste. 115 Plano, Texas 75024	15.4%
The Rodger Schuermann Revocable Trust 1000 Manor Hill Drive Norman, Oklahoma 73072	13%
Chandler Holdings, LLC 2820 Lakeview Drive Prosper, Texas 75078	9.1%
Hochberg Holdings Limited Partnership 317 Ocean Blvd. Golden Beach, Florida 33160	8%
The Paxton Family Living Trust 5613 S. Woodcreek Circle McKinney, Texas 75071	7%
Carol Casey 3210 St. Johns Drive Dallas, Texas 75205	6%
SBS Holdings, LP 601 W. Main Decatur, TX 76234	5.667%
WJKK Investment, LLC 2708 Lothian Drive Cedar Park, Texas 78613	5%
Other members (each less than 5%)	10.833%
Total	100%

PRIOR ACTIVITIES

Unity Resources, LLC, the manager of the Company, is an energy and natural resources investment company founded in 2008. To date, we have sponsored three offerings of membership interests in companies, each of which is described accordingly in the table below. Two of the companies, Unity 9-A, LLC and Haynesville Royalties 9-B, LLC, are engaged in acquiring and owning royalty interests, while the third holds working interests. As a result, there are only two prior activities comparable to an offering of royalty interests upon which to evaluate us. Prospective investors should be cautioned that prior performance of our royalty offerings is not indicative of future results in this offering. The data contained in the table below is as of February 21, 2011.

Offering	Date Offering Commenced	Date Offering Ended	Number of Investors	Amount of Subscriptions from Investors	Aggregate Distributions to Investors
Austin Chalk Re-Entry Joint Venture, LLC	12/2008	09/30/2009	11	$165,000	$10,414
Unity 9-A, LLC	04/2009	07/07/2009	53	$1,285,000	$51,781[(1)]
Haynesville Royalties 9-B, LLC	06/2009	01/31/2010	22	$526,900	$0[(1)]
Emerald Royalty Fund, LLC[(2)]	3/1/2010	Expected to terminate on May 31, 2011	[_____]	[_____]	0[(2)]

(1) On March 23, 2010, Haynesville Royalties 9-B, LLC was merged into Unity 9-A, LLC. As a result, distributions in investors in Haynesville Royalties 9-B, LLC appear in the distributions column for Unity 9-A, LLC.

(2) As of the date of this amended and restated memorandum, this limited liability company is still undergoing initial operations.

CONFLICTS OF INTEREST

Our affiliates and we have interests that differ in certain respects from those of the Company and the investor members. Prospective investor members should recognize that relationships and transactions of the kinds described below involve inherent conflicts between the interests of the Company and those of us or our affiliates, and that the risk exists that these conflicts will not always be resolved in a manner that favors the Company.

Prior and Future Programs by Our Affiliates and Us. We may organize and manage oil and natural gas programs in the future that will have substantially the same investment or competing objectives as the Company. Our affiliates and we currently manage other programs for private investors and hold interests in oil and natural gas properties for investors in these programs. To resolve any such conflicts, we will initially examine the funds available to the Company and the time limitations on the investment of funds to determine whether the Company or another program should acquire a potential property.

Responsibility of the Manager. We will exercise good faith and to deal fairly with the investor members in handling the affairs of the Company. We will owe such a duty to other companies or partnerships that we may manage in the future. Because we must deal fairly with the investors in all of our programs, if conflicts between the interest of the Company and these other programs do arise, they may not in every instance be resolved to the maximum advantage of the Company, and our actions could fall short of the full exercise of our responsibilities to

the Company. If we breach the company agreement, an investor member would be entitled to an accounting and to recover any economic losses caused by the breach only after either proving a breach in court or reaching a settlement with us.

Manager's Interest. Although we believe that our interest in Company profits, losses, and cash distributions is equitable (see "Participation in Distributions, Profits, and Losses"), our interest was not determined by arm's length negotiation.

Receipt of Compensation Regardless of Profitability. We are entitled to receive the management fee, the offering fee, and reimbursement for certain costs from the Company, regardless of whether the Company operates at a profit or loss. See "Our Compensation." These fees and reimbursements will decrease the investor members' share of any cash flow generated by operations of the Company or increase losses if operations should prove unprofitable.

Time and Services of Common Management. Our officers and manager are also officers, directors or employees of our affiliates. As a result, they do not intend to devote their entire time to the Company. Management is required to devote to the business and affairs of the Company so much time as is, in their judgment, necessary to conduct such business and affairs in the best interest of the Company.

Legal Representation. We have engaged counsel to assist with certain aspects of the offering and the preparation of the company agreement. The Company has not engaged separate and independent counsel to represent its interests.

Other Relationships. We and our affiliates will have relationships on an ongoing basis with companies engaged in the oil and natural gas industry, including operators, petroleum engineers, consultants and financial institutions. These relationships could influence us to take actions, or forbear from taking actions, which we might not take or forbear from taking in the absence of these relationships.

DUTIES OF THE MANAGER

Duty of Care and Loyalty

We are accountable to the Company and consequently must exercise good faith and integrity in handling Company affairs. In this regard, we are required to supervise and direct the activities of the Company prudently and with that degree of care, including acting on an informed basis, which an ordinarily prudent person in a like position would use under similar circumstances. Moreover, we have a responsibility for the safekeeping and use of all funds and assets of the Company, whether or not in our control, and may not employ or permit another to employ such funds or assets in any manner except for the exclusive benefit of the Company.

Generally, courts have held that a member may institute legal action on behalf of himself and all other similarly situated members (a class action) to recover damages for a breach by a manager of its obligations under a company agreement, or on behalf of a company (a company derivative action) to recover damages from third parties. In addition, members may have the right, subject to procedural and jurisdictional requirements, to bring class actions in federal courts to enforce their rights under the federal securities laws. Further, investor members who have suffered losses in connection with the purchase or sale of their interests in the Company may be able to recover such losses from a manager where the losses result from a violation by the manager of the antifraud provisions of the federal securities laws. The burden of proving such a breach, and all or a portion of the expense of such lawsuit, would have to be borne by the member bringing such action. In the event of a lawsuit, depending upon the particular circumstances involved, we might be able to raise various defenses to the lawsuit, including statute of limitations, estoppel, laches, and doctrines such as the "unclean hands" doctrine.

Investors who have questions concerning our responsibilities should consult their own counsel.

Indemnification. The company agreement provides for our indemnification against liability for losses arising from our action or inaction if such indemnification is permitted under the Texas Business Organizations Code (the "Texas Code"). Subject to compliance with the requirements of the Texas Code, indemnification is generally permitted if: (a) we acted in good faith and reasonably believed that our conduct was in the best interests of the Company, (b) we were not acting in our official capacity on behalf of the Company and our conduct was at

least not opposed to the Company's best interests, or (c) in the case of any criminal proceeding, we had no reason to believe our course of conduct was unlawful.

A successful claim for indemnification would deplete Company assets by the amount paid. As a result of such indemnification provisions, a purchaser of units may have a more limited right of legal action than he would have if such provision were not included in the company agreement. To the extent that the indemnification provisions purport to include indemnification for liabilities arising under the Securities Act, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

SUMMARY OF COMPANY AGREEMENT

The rights and obligations of the members in the Company will be governed by the company agreement. The form of company agreement is attached to this memorandum as Exhibit A. You should study carefully the company agreement in its entirety before subscribing for units. The following is a summary of material terms of the company agreement in the context of the Texas Business Organizations Code (the "Texas Code") and is not complete and in no way amends or modifies the company agreement.

Our Responsibility as Manager

As manager, we will have the exclusive management and control of all aspects of the business of the Company. No investor member will have any voice in the day-to-day business operations of the Company. We are authorized to delegate and subcontract our duties under the company agreement to others, including entities related to us.

Liability of Members

The Company will be governed by the Texas Code. Under the Texas Code, your liability as a member for the obligations of the Company is limited to your capital contribution, your share of Company assets and the return of distributions from the Company to you that were made at a time when you knew the liabilities of the Company exceeded its assets.

Allocations and Distributions

General. Profits and losses are distributed in the manner described in the section of this memorandum entitled "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES."

Time of Distributions. We will determine cash available for distribution and will distribute such cash not less frequently than monthly. We may, at our discretion, make distributions more frequently.

Liquidating Distributions. Liquidating distributions will be made to members in manner described in the section of this memorandum entitled "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES – Distributions."

Voting Rights

Investor members holding a Majority in Interest (as defined in the company agreement) of the units held by investor members entitled to vote have the right to request that we call a meeting of the members. Investor members will not be entitled to vote with respect to Company matters generally, except for certain matters explicitly set forth in the company agreement or the Texas Code. A vote of a Majority in Interest of the then outstanding units held by investor members entitled to vote will be required to approve any of the following matters:

- dissolution of the Company;
- certain amendments to the company agreement;
- a merger of the Company with another entity;
- a change in the purpose of the Company;

- approval of a request by the manager to withdraw from the Company; and

- the appointment of a liquidator in the event the Company is to be dissolved and there remains no manager.

Except as otherwise provided for in the company agreement, at any duly noticed and called meeting of the members, a vote of a Majority in Interest of the units held by investor members represented at such meeting, in person or by proxy, will be sufficient for approval of any such matters.

The involuntary removal of us as manager will require the vote of the holders of 70% in interest of the units. If we are removed as manager, we may elect to retain our interest in the Company as a member in the company (assuming that the members determine to continue the Company and elect a successor manager). The members may select a successor manager by a vote of the members owning a Majority in Interest of the then outstanding units.

Each investor member has the right to review the Company's books and records and list of investor members at any reasonable time in accordance with the procedures set forth in the Texas Code.

Retirement and Removal of the Manager

If we desire to withdraw from the Company for whatever reason, we may do so only upon one hundred twenty (120) days prior written notice and with the written consent of the members owning a Majority in Interest of the then outstanding units held by members entitled to vote.

In the event that the members desire to remove us as manager without cause, they may do so at any time upon ninety (90) days written notice, with the consent of the members owning 70% in interest of the then outstanding units held by members. In the event we are removed by the members as manager of the Company without cause, we will remain entitled to our 25% carried interest in the Company and will retain all rights associated with that interest, including, without limitation, the right receive operating distributions and distributions upon the sale of substantially all of the Company's Interests as provided by the company agreement. In the event that the members desire to remove us as manager with cause (as defined in the company agreement), they may do so at any time upon ninety (90) days written notice, with the consent of the members owning 25% in interest of the then outstanding units held by members. In the event we are removed by the members as manager of the Company with cause, we will not be entitled to our 25% carried interest in the Company

The members may then select a successor manager by a vote of the members owning a Majority in Interest of the then outstanding units.

Term and Dissolution

The term of the Company is 10 years from the date of formation, subject to extension by us in our sole discretion, unless earlier dissolved upon the occurrence of any of the following:

- the written consent of the investor members owning a Majority in Interest of the then outstanding units held by investor members;

- the happening of any other event that makes it unlawful or impossible to carry on the business of the Company; or

- the occurrence of any event causing dissolution of the Company under Texas law.

Reports to Members

We will furnish to the members certain annual unaudited reports that will contain financial statements (including a balance sheet and statements of income, members' equity and cash flows). Such reports will contain a summary of any transactions between us or our affiliates and the Company, including any compensation or fees paid to our affiliates or us by the Company. All members will receive a report containing information necessary for the

preparation of their federal income tax returns and any required state income tax returns within 75 days of the end of the Company's fiscal year. We may provide such other reports and financial statements as we deem necessary or desirable.

Power of Attorney

You will grant to us a power of attorney to execute certain documents deemed by us to be necessary or convenient to the Company's business or required in connection with the qualification and continuance of the Company.

Other Provisions

Other provisions of the company agreement are summarized in this memorandum under the headings "TERMS OF THE OFFERING," "SOURCES OF FUNDS AND USE OF PROCEEDS," "PARTICIPATION IN DISTRIBUTIONS, PROFITS AND LOSSES," "MANAGEMENT," "RESPONSIBILITY OF THE MANAGER," and "TRANSFERABILITY OF UNITS."

TRANSFERABILITY OF UNITS

No Market for the Units. An investment in the Company is an illiquid investment. The units will not be traded on an established securities market or on the substantial equivalent of an established securities market.

Assignment of Units; Substitution. Units of Company interest may be assigned only to a person otherwise qualified to become a member, including the satisfaction of any relevant suitability requirements imposed by law or the Company. In no event may any assignment be made that, in the opinion of counsel to the Company:

- would result in the Company being considered to have been terminated for purposes of Section 708 of the Code;
- would result in the Company being considered a publicly traded Company for purposes of Section 7704 of the Code; or
- may not be effected without registration under the Securities Act of 1933, or would result in the violation of any applicable state securities laws.

Transferees of units of Company interest may be admitted to the Company as substituted members only with our consent, which we may withhold in our sole discretion.

The Company will not be required to recognize any assignment until the instrument of assignment has been delivered to us. The assignee of such interest has certain rights of ownership but may become a substituted member and thus be entitled to all of the rights of a member only upon meeting certain conditions, including (i) obtaining our consent to such substitution, (ii) paying all costs and expenses incurred in connection with such substitution, and (iii) executing appropriate documents to evidence its agreement to be bound by all of the terms and provisions of the company agreement.

PLAN OF DISTRIBUTION

Distribution

Units are being offered for sale through FINRA-licensed broker-dealers. Units are being offered on a "best efforts minimum-maximum" basis for the Company, to a select group of investors who meet the suitability standards set forth under "TERMS OF THE OFFERING – Investor Suitability." "Best efforts minimum-maximum" means:

- the various broker-dealers that will sell the units will not be obligated to sell or to purchase any amount of units, but will be obligated to make a reasonable and diligent effort (that is, their "best efforts") to sell as many units as possible; and

- the offering of units in the partnership will not close unless the minimum number of units (10 units aggregating $500,000) is sold within the offering period. As of the date of this amended and restated memorandum, 7 units of membership in the Company have been subscribed.

Units will be sold only to subscribers who execute and return a Subscription Agreement and represent that they meet the eligibility criteria set forth above under "TERMS OF THE OFFERING – Investor Suitability."

Broker Dealers will receive a 7% sales commission and a 1% due diligence fee for each whole or fractional unit of Interest they sell. The Broker Dealers are required to use only their best efforts to sell the units offered in the Company. No sales commissions will be paid on sales of units to subscribers purchasing units through registered investment advisors or, under limited circumstances, through officers of Unity. As a result, subscribers purchasing units through registered investment advisors or officers will pay $50,000 per unit, net of the 8% commission and related fees, or $46,000 per unit.

Our Purchase of Units

We may purchase total units issued by the Company at the offering price of $50,000 per unit, which may have the effect of allowing the offering to be subscribed to the minimum, thereby satisfying an express condition of the offering, and thus allow the offering to close. Any units purchased by us will be held for investment and not for resale.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the material U.S. federal income tax considerations that may affect an individual's investment in the units. These provisions are highly technical and complex, and this summary is qualified in its entirety by applicable Code provisions, rules, rulings and Treasury Regulations promulgated under the Code, and applicable administrative and judicial interpretations. This summary does not deal with all of the tax aspects that might be relevant to you in light of your personal circumstances; nor does it deal with particular types of investors that are subject to special treatment under the Code, such as corporations, tax exempt organizations, insurance companies, financial institutions, foreign taxpayers and broker-dealers. Future legislative or administrative changes or court decisions may significantly change the conclusions expressed in this summary, and any such changes or decisions may have retroactive effect. **You are urged to consult with your tax advisor regarding the federal, state, local, foreign and other tax consequences of purchasing, holding and selling units and any possible changes in the tax laws occurring after the date of this memorandum.**

This memorandum is not intended or written to be used, and cannot be used, by any investor for the purpose of avoiding penalties that may be imposed under the Code. This memorandum is written to support the promotion or marketing of the Company. Each investor should seek advice based on the investor's particular circumstances from an independent tax advisor.

Partnership Status. The Company has not requested, and does not intend to request, a ruling from the IRS that it will be treated as a "partnership" for federal income tax purposes. As set forth below, however, we believe that for federal income tax purposes the Company should be determined to be a partnership and not an association taxable as a corporation.

Under the Code, a partnership is not a taxable entity and, accordingly, incurs no federal income tax liability. Rather, a partnership is a "pass-through" entity that is required to file an information return with the IRS. In general, the character of a member's share of each item of income, gain, loss, deduction and credit is determined at the partnership level. Each member is allocated a distributive share of such items generally in accordance with the company agreement and is required to take such items into account in determining his or her own taxable income. Each member includes such amounts in income for the taxable year of the partnership ending within or with the taxable year of the member, without regard to whether the member has received or will receive any cash distributions from the partnership.

Under the so-called "check-the-box" regulations, Treasury Regulation section 301.7701-1 et seq., the Company should be treated as a partnership for federal income tax purposes because: (i) the Company will be engaged in a trade or business, and, therefore, pursuant to Treasury Regulation section 301.7701-1(a)(2), it should

be treated as a separate entity; (ii) pursuant to Treasury Regulation section 301.7701-2(a), the Company should be treated as a business entity because it is not properly classified as a trust under Treasury Regulation section 301.7701-4; (iii) the Company should not be considered to be a corporation as defined in Treasury Regulation section 301.7701-2(b); and (iv) the Company does not intend to elect to be classified as an association pursuant to Treasury Regulation section 301.7701-3(a). Therefore, the Company should be treated as a "partnership" under the "default rule" of Treasury Regulation section 301.7701-3(b)(1).

If, however, an election was made to treat the Company as a corporation or the IRS were to successfully assert that the Company should be treated as a corporation for any taxable year, the Company would be taxed as a corporation, the taxable income of the Company for such year would be subject to federal income tax at corporate tax rates, the members would be treated as shareholders and distributions by the Company, if and when made, would be taxable to the members as dividends or otherwise treated as corporate distributions. In such event, there would be no flow through of Company income, deduction, gain or loss to the members, with the result that most of the tax benefits discussed in this memorandum would not be available to the members.

If the Company were treated as a partnership under the check-the-box regulations and it did not elect to, and the IRS did not assert that it should, be treated as a corporation, there is nonetheless a risk that it could be treated as a so-called "publicly traded partnership" for U.S. federal income tax purposes that is treated as an association that is taxable as a corporation. A publicly traded partnership for U.S. federal income tax purposes is generally any partnership whose interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent thereof. Company units will not be traded on an established securities market, so the Company should not be treated as a publicly traded partnership as a result of being traded on an established security market.

Treasury Regulations concerning the classification of partnerships as publicly traded partnerships provide that interests in a partnership are readily tradable on a secondary market or the substantial equivalent thereof if: (i) interests in the partnership are regularly quoted by any person, such as a broker or dealer, making a market in the interests; (ii) any person regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to interests in the partnership and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others; (iii) the holder of an interest in the partnership has a readily available, regular, and ongoing opportunity to sell or exchange the interest through a public means of obtaining or providing information of offers to buy, sell or exchange interests in the partnership; or (iv) prospective buyers and sellers otherwise have the opportunity to buy, sell or exchange interests in the partnership in a time frame and with the regularity and continuity that is comparable to that described in (i)-(iii).

The Treasury Regulations set forth certain transfers that will be disregarded in determining whether there is trading on a secondary market. Those transfers include transfers at death, transfers between family members, distributions from a qualified retirement plan and so-called block transfers as defined by the Treasury Regulations.

The Treasury Regulations also provide certain safe harbors that permit certain transfers (other than disregarded transfers) of partnership interests without creating a deemed secondary market or the substantial equivalent thereof. For example, one safe harbor provides that interests in a partnership will not be considered tradable on a secondary market or the substantial equivalent thereof if the sum of the partnership interests transferred during any taxable year of the partnership, excluding certain disregarded transfers, does not exceed 2% of the total interest in the capital or profits of the partnership. Another safe harbor provides that interests in a partnership will not be treated as readily tradable on a secondary market or the substantial equivalent thereof if the partnership has less than 100 members at all times during the taxable year and the interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933. Failure to satisfy a safe harbor provision under the regulations, however, will not necessarily cause a partnership to be treated as a publicly traded partnership if, taking into account all of the facts and circumstances, the investors are not readily able to buy, sell or exchange their interests in a manner that is comparable, economically, to trading on an established securities market.

No assurance or guarantee can be given that the Company will satisfy one of the secondary market safe harbors. However, we believe that units in the Company should not be treated as being readily tradable on a secondary market or the substantial equivalent thereof. In addition, the company agreement prohibits the members from transferring their units if, in the opinion of counsel to the Company, the transfer would cause the Company to be treated as a publicly traded partnership.

If a partnership were treated as a publicly traded partnership for U.S. federal income tax purposes, it would nonetheless not be taxable as a corporation if 90% or more of its gross income for each taxable year in which it was a publicly traded partnership consisted of "qualifying income." For this purpose, qualifying income generally includes, among other things, income and gains derived from the exploration, development, mining, production or marketing of oil and natural gas, and the gain from the sale of a capital asset to produce such income. It should be noted that legislation has been proposed that could apply to the Company and, among other things, could treat the portion of the Company's income that is allocated to our carried interest as not being qualified income. As discussed in "FEDERAL INCOME TAX CONSIDERATIONS — Possible Changes in Federal Tax Laws," it is not possible to predict with any degree of certainty whether or when this bill will become law.

If the Company were classified as a publicly traded partnership but qualified for the qualifying income exception to corporate taxation, the passive activity loss limitations discussed below would be applied separately to each member's allocable share of income and loss attributable to the Company. We believe that, under current law, at least 90% of the gross income of the Company will constitute income derived from the exploration, development, production, and/or marketing of oil and gas. Accordingly, we believe that the Company should qualify for the qualifying income exception to the publicly traded partnership rules.

Based on the foregoing, we believe that the Company should not be treated as a publicly traded partnership and, therefore, taxable as a corporation, because: (i) units will not be traded on an established securities market; (ii) units should not be treated as being readily tradable on a secondary market or the substantial equivalent thereof; and (iii) at least 90% of the Company's income should be qualifying income.

The Treasury Regulations set forth broad "anti-abuse" rules authorizing the IRS to recast transactions either to reflect the underlying economic arrangement or to prevent the circumvention of the intended purpose of any provision of the Code. We are not aware of any fact or circumstance that could cause these rules to be applied to the Company. However, if any of the transactions described in this memorandum were to be recharacterized under these rules, this may have material adverse tax consequences to the members.

Tax Consequences to You. As a partnership for U.S. federal tax purposes, the Company will not be a taxable entity and, accordingly, will incur no federal income tax liability. Rather, you and the other members will be required to report on your own income tax returns your allocable shares of the Company's income, gain, loss, deduction and credit without regard to whether you receive any cash distributions from the Company. The character of your share of each item of income, gain, loss, deduction and credit will be determined at the Company level. You will be allocated a distributive share of such items generally in accordance with the company agreement. The Company will file an annual information return with the IRS to report the collective income, gain, loss, deduction, and credit of the Company, and it will provide you with a Schedule K-1, which will report your allocable share of such items.

Royalty Income. One of the Company's primary sources of income is intended to be royalty income from the production and sale of oil and gas from the mineral properties in which the Company owns Interests. Royalty income is taxable at ordinary income rates for U.S. federal income tax purposes. As discussed below, members of the Company should be entitled to a corresponding allowance for depletion on their allocable shares of the Company's royalty income.

Depletion Deductions. The Company intends to acquire mineral interests and royalty interests in oil and gas properties located in Texas, Oklahoma and Louisiana. For federal tax purposes, the members of the Company should be deemed to have indirect economic interests through the Company in the Interests that are acquired by the Company. As indirect owners of economic interests in oil or natural gas properties, the members should, therefore, be entitled to claim cost depletion or, if they qualify, percentage depletion with respect to such properties. The depletion allowance, however, must be computed separately by each member of the Company.

Cost depletion for any year is determined by multiplying the number of units (*e.g.*, barrels of oil or Mcf of natural gas) sold within the taxable year by a fraction, the numerator of which is your basis for allowance of cost depletion and the denominator of which is the sum of the number of units remaining at the end of the year to be recovered (including units recovered and not sold) and the number of units sold within the taxable year.

Percentage depletion is a statutory allowance pursuant to which a deduction is allowed in any taxable year, not to exceed 100% of your taxable income from the property (computed without the allowance for depletion) with the aggregate deduction limited to 65% of your taxable income for the year (computed without regard to percentage

depletion, net operating loss and capital loss carrybacks). The percentage depletion deduction rate will vary with the price of oil, but the rate will not be less than 15%. Also, the 100% of taxable income limit does not apply to domestic oil and gas production from certain marginal properties prior to January 1, 2012. A percentage depletion deduction that is disallowed in a year due to the 65% of taxable income limitation may be carried forward and allowed as a deduction for the following year, subject to the 65% limitation in that subsequent year.

Both cost and percentage depletion deductions reduce your adjusted basis in the property. However, unlike cost depletion, deductions under percentage depletion are not limited to the adjusted basis of the property. Percentage depletion continues to be allowable as a deduction after the adjusted basis has been reduced to zero. To the extent that depletion deductions reduce your adjusted tax basis in an oil and natural gas property, they are subject to recapture as ordinary income upon the Company's disposition of the property or upon your disposition of your Company units. *See* "—Sales" and "—Gain or Loss on Sale of Units" below.

Percentage depletion is generally available only with respect to the domestic oil and natural gas production of certain "independent producers." In order to qualify as an independent producer, you, either directly or through certain related parties, may not be involved in the refining of more than 75,000 barrels of oil (or the equivalent of natural gas) on any day during the taxable year or in the retail marketing of oil and natural gas products exceeding $5 million per year in the aggregate. In addition, except for certain natural gas production, percentage depletion under the "independent producer exemption" is generally available only with respect to the first one thousand (1,000) barrels per day of your domestic oil production or the first six million (6,000,000) cubic feet per day of your domestic natural gas production. Please note, however, that there have been recent legislative proposals to eliminate the option for independent producers to claim percentage depletion for the production of oil and gas. See "MATERIAL FEDERAL INCOME TAX CONSEQUENCES — Possible Changes in Federal Tax Laws."

You will determine the availability of depletion, whether cost or percentage, separately from the other members. You must separately keep records of your share of the adjusted tax basis in an oil or natural gas property, adjust your share of the adjusted basis for any depletion taken on such property, and use such adjusted basis each year in the computation of your cost depletion or in the computation of your gain or loss on the disposition of such property. Although we will provide you with sufficient information for you to compute your allowable depletion deductions, these requirements may place an administrative burden on you.

Mineral and Royalty Interest Costs and Abandonment. The cost of acquiring an Interest is a capital expenditure that may not be deducted in the year that the Interest is acquired. Rather, the cost must be capitalized and it is generally recoverable though the allowance for depletion. If an Interest becomes worthless or is abandoned by the Company, the cost for the Interest that has not been recovered through the allowance for depletion constitutes a loss and may be deducted for U.S. federal income tax purposes in the year the Interest becomes worthless or is abandoned.

Drilling and Equipment Costs. The Company will not drill any oil or gas wells and will not own any of the oil and gas equipment associated with the Interests that it intends to acquire. As a result, neither the Company nor the members will be permitted to deduct the costs that will be paid by other parties to drill and complete wells on properties where the Company owns Interests.

Deductibility of Organization, Offering and Start-up Costs. Generally speaking, expenditures made in connection with the creation of, and with sales of interests in, the Company will fit within one of several categories, including organizational, syndication and start-up expenses.

Organizational expenses include legal fees for services incident to the organization of the Company, such as negotiation and preparation of the company agreement, accounting fees for services incident to the organization of the Company, and filing fees. Depending on the amount of organizational expenses that are incurred by the Company, the Company may currently deduct the lesser of: (i) the amount of organizational expenses that are incurred or (ii) $5,000 reduced, but not below zero, by the amount by which the Company's organizational expenses exceed $50,000. Any organizational expenses that are not currently deductible may be amortized and deducted ratably over the 180-month period beginning with the month in which the Company's business begins.

No deduction is allowable for "syndication expenses," which include brokerage fees, registration fees, legal fees of the underwriter or placement agent and the issuer for securities advice and for advice pertaining to the adequacy of tax disclosures in the prospectus for securities law purposes, printing costs, and other selling or promotional material. These costs must be capitalized.

Start-up expenses generally include amounts paid or incurred in connection with investigating, creating or acquiring an active trade or business, which would otherwise be deductible in connection with an ongoing business. Depending on the amount of start-up expenses, if any, that are incurred by the Company, the Company may currently deduct the lesser of: (i) the amount of start-up expenses that are incurred or (ii) $5,000 reduced, but not below zero, by the amount by which the Company's start-up expenses exceed $50,000. Any start-up expenses that are not currently deductible may be amortized and deducted ratably over the 180-month period beginning with the month in which the Company's business begins.

The Manager's Annual Management Fee. The Company will pay the Manager an annual management fee equal to 0.75% of the initial aggregate investor subscriptions, subject to a cap of 10% of the Company's annual cash flow. The Company intends to treat this payment as a guaranteed payment to the Manger for its services to the Company, which is deductible by the Company and taxable to the Manager. The management fee should be deductible by the Company as an ordinary and necessary business expense to the extent the fee represents an ordinary and necessary expense and does not exceed the reasonable value of the services for which its is paid. Because the determination of whether the management fee qualifies as an ordinary and necessary business expense is inherently factual, there is no assurance that this determination will not be challenged by the IRS or upheld if so challenged.

Sales. The Company intends to acquire and hold Interests in oil and gas properties located in Louisiana, Texas, Oklahoma and Arkansas and, after a certain period of time, sell such Interests to third parties. If the Company transfers all or a portion of an Interest for cash and/or a note, the transaction should be characterized as a sale or exchange for federal income tax purposes. The Company's taxable gain (or loss) will equal the difference between the amount realized by the Company on the sale and the Company's adjusted tax basis in the portion of the Interest that is sold. Therefore, if the Company sells less than its entire Interest in an oil and gas property, the Company will be required to allocate its adjusted tax basis in the interest between the portion that is sold and the portion that the Company retains.

Unless the Company is considered to be a dealer, as discussed below, the Interest should be considered a capital asset of the Company (*e.g.*, an asset acquired for investment purposes). However, the gain on the sale will first be subject to the recapture rules. Under the recapture rules, you will first be required to recapture as ordinary income the lesser of: (i) the sum of (a) any unrecaptured depletion deductions that you previously took that reduced your adjusted tax basis in the Company's Interest that is sold and (b) your allocable share of the Company's "unrealized receivables," if any, with respect to the Interest that is sold, or (ii) the excess of your allocable share of the amount realized over your adjusted tax basis in the Interest. If the taxable gain exceeds the amount that you must recapture as ordinary income or if there is a loss on the sale, the excess gain or loss should be either short term or long term capital gain or loss depending on whether the Interest that is sold was held for less than, or more than, one year.

Short term capital gains are taxed at ordinary income rates, and long term capital gains are generally taxed to non-corporate taxpayers at a maximum rate of 15%, although the maximum rate is currently scheduled to increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2013. A non-corporate taxpayer may deduct losses from sales or exchanges of capital assets to the extent of its gains from such sales or exchanges plus the lesser of (i) $3,000 or (ii) the excess of such losses over such gains.

If the Company is considered to be a "dealer," the entire amount of the Company's gain (or loss) on the sale will be taxed at ordinary income rates. The determination of whether the Company will be a "dealer" with respect to the oil and gas Interests that it intends to acquire or whether the Interests will constitute capital assets will be based on all of the facts and circumstances of the Company's activities. The facts and circumstances that must be considered include the reason why the Company acquired the Interests, the number and regularity of the Company's sales, and whether the Company made any improvements before the sale. Based on the proposed operations of the Company, we believe that the Company should not be considered to be a dealer in the Interests that it intends to acquire, and such interests should be capital assets in the hands of the Company.

We will make an initial determination as to whether the Company's gain or loss on the sale of one or more Interests should be taxed as ordinary or capital gain or loss. As discussed below in "Administrative Matters – Consistency Requirements," each member will be required to follow the Company's characterization of its gains and losses on its own tax return unless certain conditions are met. There can be no guarantee that the IRS will agree with the Company's characterization of its gains and losses. If the IRS successfully asserts that the Company's gain or loss should be characterized in a different manner, the members could be obligated to pay additional tax, and be

liable for penalties and interest, and the Company may not be able to make any cash distributions to the members to allow them to pay such additional tax liabilities.

Allocations. In general, allocations of all Company items of income, gain, loss, deduction and credit must have "substantial economic effect" to be recognized for federal income tax purposes. An allocation will have substantial economic effect if it satisfies a two-part test. First, the allocation must have economic effect. Second, the economic effect must be substantial. If an allocation lacks substantial economic effect, the IRS will disregard the allocation and will determine a member's allocable share in accordance with the member's interest in the Company.

With respect to the second test, the Treasury Regulations generally provide that the economic effect of an allocation is substantial if there is a reasonable possibility that the allocation (or allocations) will affect substantially the dollar amounts to be received by the members from the partnership, independent of tax consequences. However, the Treasury Regulations provide that the economic effect of an allocation (or allocations) is not substantial if at the time the allocation becomes part of the company agreement: (i) the aftertax economic consequences of at least one member may, in present value terms, be enhanced compared to such consequences if the allocation (or allocations) were not contained in the company agreement; and (ii) there is a strong likelihood that the aftertax economic consequences of no member will, in present value terms, be substantially diminished compared to such consequences if the allocation (or allocations) were not contained in the partnership agreement.

According to the Treasury Regulations, an allocation will have economic effect if the member to whom the allocation is made receives the economic benefit or bears the economic burden or risk associated with the allocation. The regulations state that, in general, an allocation will have economic effect if throughout the term of the partnership the partnership agreement:

(i) provides for the determination and maintenance of the members' capital accounts in accordance with the rules set forth in the Treasury Regulations;

(ii) requires that on liquidation of the partnership (or any member's interest in the partnership), liquidating distributions must in all cases be made by the later of the end of the taxable year in which the liquidation occurs or 90 days after the liquidation, in accordance with the positive capital account balances of the members; and

(iii) either obligates a member with a deficit in his or her capital account following the liquidation of his or her interest in the partnership to restore such deficit or contains a so-called "qualified income offset" pursuant to which a member that unexpectedly receives certain allocations, adjustments or distributions will be allocated income and gain in an amount and manner sufficient to eliminate any deficit capital account balance of such member as quickly as possible.

If an agreement contains a qualified income offset instead of a deficit restoration clause (as does the company agreement) the allocation will have economic effect only to the extent it does not create or increase a deficit capital account balance.

The allocations of federal income tax items to the members made in the company agreement should satisfy the "substantiality" portion of the test in the regulations because the economic consequences of the allocations should be equivalent to the tax consequences of such allocations. However, the allocation of federal income tax items to the members made in the company agreement does not satisfy the safe harbor for "economic effect" because the company agreement provides that liquidating distributions will be made to the members in accordance with their right to receive operating distributions from the Company. Therefore, allocations in the company agreement must be made in accordance with the members' interests in the Company. Because the company agreement generally allocates profits and losses in the same manner as cash distributions are made, we believe that these allocations are in accordance with the members' interests in the Company. However, there can be no assurance that the IRS will not challenge the allocations in the company agreement and attempt to reallocate profits and losses (and the tax obligations associated with such items) among the members in some other manner. If the IRS were to successfully assert that the Company's income or loss should be allocated in a manner other than as set forth in the company agreement, the members could own additional tax, interest and penalties for the tax year(s) such reallocations are made, and the Company may not make any cash distributions to the members to permit them to pay such additional tax liabilities.

Passive Activity Loss Limitations. The passive activity loss rules apply to individuals, estates, trusts, personal service corporations and closely held C corporations, and limit the ability of these taxpayers to deduct losses generated from passive activities. Under the passive activity loss rules, losses from passive activities can only be deducted against income from the passive activity that generated the loss and from other passive activities. Passive activity losses generally cannot be used to offset income from wages or salaries (or other sources of so-called "active" income) or against income from interest, dividends or royalties not derived in the ordinary course of business or against the gain from the sale of property producing such income (so-called "portfolio income"). If a taxpayer has a loss from a passive activity for a given tax year that cannot be offset by passive income from other passive activities, the loss will be suspended and may be carried forward by the taxpayer and used to offset future income from passive activities. If a taxpayer has a suspended loss from a passive activity when it disposes of its interest in the activity, the taxpayer will be allowed to deduct the suspended loss against its non-passive income provided that the interest is disposed of in its entirety to an unrelated party in a taxable transaction.

The term "passive activity" encompasses all rental activities and all activities involving a trade or business with respect to which the individual taxpayer does not "materially participate." This material participation standard is applied individually on an investor-by-investor basis. Thus, in the case of the Company, the material participation test will be applied on a member-by-member basis to determine whether each member materially participates in the Company's activities.

You will be treated as materially participating in the Company's activities only if you are personally involved in its operations on a "regular, continuous, and substantial" basis. Work done in your capacity as an investor will not be treated as participation in the Company's activities. In addition, we will be responsible for the Company's day-to-day activities and operations, and you will only have limited rights to participate in the management of the Company. Thus, it is unlikely that you will be deemed to materially participate in the Company's activities.

There is a limited exception to the material participation requirement for the ownership of a working interest in an oil or gas well either directly or indirectly though an entity that does not limit the investor's liability with respect to the well. The Company does not intend to acquire working interests in oil and gas properties, and your liability with respect to the oil and gas Interests held by the Company should be limited because the Company will be a limited liability company. Therefore, investors will likely not be able to qualify for the working interest exception to the passive activity loss rules. Accordingly, an individual's investment in the Company will likely be treated as a passive activity and the member's allocable share of income or loss should be subject to the passive activity loss rules.

The Treasury Regulations provide special rules that allow taxpayers to group their activities for purposes of applying the passive activity loss rules. In the case of a partnership like the Company, the regulations require the partnership to initially group its activities for purposes of applying the passive activity loss rules. Once grouped by a partnership, a partner may group the partnership’s activities with other passive activities in which the partner directly or indirectly participates. However, a partner is prohibited from treating activities that are grouped together by the partnership as separate activities.

Effective for tax years beginning on or after January 25, 2010, Revenue Procedure 2010-13 requires taxpayers to report with their annual income tax returns certain changes to their groupings of activities for purposes of applying the passive activity loss rules, and special rules apply to partnerships like the Company. Pursuant to those rules, the Company will report with its annual information return the grouping of its activities for purposes of the passive activity loss rules, and the Company will separately state the income or loss for each separate grouping. A member will not be required to make a separate disclosure of the grouping by the Company unless the member: (i) groups together activities that were considered to be separate activities by the Company; or (ii) groups the Company’s activities with other activities conducted directly or indirectly by the member.

The reporting rules for passive activities are complex and the application will vary for each member of the Company. Therefore, prospective members are urged to consult with their own tax advisors regarding their obligations to disclose their participation in the Company and the grouping of the Company’s activities for purposes of applying the passive activity loss rules.

Basis and "At Risk" Limitations. Your share of Company losses, if any, will be allowed only to the extent of your adjusted tax basis in the Company. Your initial adjusted tax basis will generally be equal to the cash you

contribute to the Company. Your adjusted tax basis will generally be increased by your share of the Company's income, additional capital contributions, if any, that you make to the Company and your share, if any, of Company borrowings as determined under the Code and applicable Treasury Regulations. Your adjusted tax basis will generally be reduced, but not below zero, by your share of Company losses, your depletion deductions, the amount of cash and the adjusted tax basis of property other than cash distributed from the Company and your share of the reduction in the amount of Company borrowings, if any, previously included in your basis.

Your share of Company losses may also be limited by the aggregate amount with respect to which you are "at risk" at the close of the taxable year. In general, you are "at risk" to the extent of the amount of cash and the adjusted basis of other property you have contributed to the Company. Any such loss disallowed by the "at risk" limitation shall be treated as a deduction allocable to the activity in the first succeeding taxable year.

The Code provides that you must recognize taxable income to the extent that your "at risk" amount is reduced below zero. This recaptured income is limited to the sum of the loss deductions previously allowed to you, less any amounts previously recaptured. You may be allowed a deduction for the recaptured amounts included in your taxable income if and when you increase your amount "at risk" in a subsequent taxable year.

If you purchase units by tendering cash to the Company, to the extent the cash contributed constitutes your "personal funds," you should be considered "at risk" with respect to those amounts. To the extent the cash contributed constitutes "personal funds," neither the "at risk" rules nor the adjusted basis rules should limit the deductibility of losses generated from the Company up to an amount equal to such cash.

Cash Distributions. Cash that is distributed to you from the Company generally should not be taxable to you as long as the amount of the cash does not exceed your adjusted tax basis in the Company. To the extent that any actual or constructive distributions are in excess of your adjusted basis in your interest in the Company (after adjustment for contributions and your share of income and losses of the Company), that excess will generally be treated as gain from the sale of a capital asset.

Under the Code, any increase in your share of the Company's liabilities or any increase in your individual liabilities by reason of an assumption by you of the Company's liabilities is considered to be a contribution of money by you to the Company. Similarly, any decrease in your share of the Company's liabilities or any decrease in your individual liabilities by reason of the Company's assumption of such individual liabilities will be considered as a distribution of money to you by the Company. As a result, a decrease in your share of the Company's liabilities could cause you to recognize taxable gain regardless of whether you receive a cash distribution from the Company.

In-Kind Distributions. If you elect the In-Kind Option or if the Cash Option is not available and in-kind assignments are made to all investor members, you will receive assignments in-kind of undivided interests in the Company's Interests in liquidation of your membership interest in the Company. Such assignments should not be taxable to you or the Company, and your aggregate basis in the undivided interests that you receive will be equal to your aggregate adjusted basis in your membership interest in the Company immediately before the assignments. You will be required to allocate your aggregate adjusted basis among the various undivided interests that you receive generally based on the Company's relative adjusted basis in such Interests before assignments are made to you. The exact allocation of basis will depend on a number of facts and circumstances and will vary for each investor member. Therefore, investor members are urged to consult their own tax advisors regarding the determination and allocation of their adjusted bases in the in-kind assignments, if any, that they receive from the Company.

Gain or Loss on Sale of Units. If you sell your unit(s) in the Company pursuant to the provisions of the company agreement, you will recognize taxable gain or loss on the sale (subject to certain loss disallowance rules for sales to related parties) measured by the difference between the amount realized on the sale and your adjusted tax basis in your units. The amount that you realize will include your allocable share of the Company's debt, if any, as well as the amounts paid to you as a result of the sale.

If the amount realized exceeds your adjusted tax basis, the gain on the sale will first be subject to the recapture rules. Under the recapture rules, you must first recapture as ordinary income the lesser of: (i) the sum of (a) any unrecaptured depletion deductions that you previously took that reduced your adjusted tax basis in the Interests owned by the Company and (b) your allocable share of the Company's "unrealized receivables," if any, with respect to the Company's Interests, or (ii) the excess of the amount realized over your adjusted tax basis. If the taxable gain exceeds

the amount that must be recaptured as ordinary income or if you incur a loss on the sale, the excess gain or, subject to certain loss disallowance rules, the loss should be either short term or long term capital gain or loss depending on whether you held your units for less than, or more than, one year.

The tax consequences to an assignee purchaser of a unit are not described in this summary. Before assigning a unit, you should advise your assignee to consult his or her own tax advisor regarding the tax consequences of such assignment.

Activities Engaged in for Profit. The Code, as well as other authorities, limits the deduction of losses from an activity not engaged in for profit. There is a presumption that an activity is engaged in for profit if the gross income from the activity exceeds deductions attributable to the activity in three or more of the five consecutive taxable years ending with the current taxable year. There is no certainty that the Company will have income sufficient to entitle it to the benefit of this presumption. Accordingly, the Company and, perhaps, you as an investor member, may be required to demonstrate that the Company's activities are engaged in for profit.

Termination of the Company. The Company may technically terminate and a new Company may be formed for tax purposes if 50 percent or more of the units in the Company's capital and profits are sold or exchanged within a consecutive twelve-month period. To prevent this occurrence, the company agreement provides that you may transfer your units only under certain limited circumstances.

If the Company terminates for federal income tax purposes, there will be a deemed contribution of "old" Company assets and liabilities to a "new" Company in exchange for "new" Company interests followed immediately by a deemed "old" Company liquidating distribution of the "new" member interests to the members. Generally speaking, this should not be a taxable event for the members in the "new" Company, but it may adversely impact the Company's future deductions for depreciation by causing the Company to restart the depreciable lives of its assets for tax purposes.

Additional Tax on Net Investment Income. Beginning in 2013, individuals, estates and trusts will be subject to a new 3.8% federal tax on their so-called "net investment income" if their modified adjusted gross income exceeds certain threshold amounts. For married individuals filing jointly the threshold amount is $250,000, and for married individuals filing separately the threshold amount is $125,000. For all others, the threshold amount is $200,000. The 3.8% tax is imposed on the lesser of (i) the taxpayer's net investment income or (ii) the portion of the taxpayer's modified adjusted gross income that exceeds the applicable threshold amount. Modified adjusted gross income is generally defined as a taxpayer's adjusted gross income increased by certain foreign earned income, which is generally otherwise not subject to taxation. Net investment income is defined to include: (i) interest, dividends, annuities, royalties and rents, excluding such items of income that are derived in the active conduct of a trade or business that is not a passive activity; (ii) gross income that is derived from a passive activity; and (iii) net gain from the disposition of property, excluding property that is held in a trade or business that is not a passive activity. In the case of a disposition of an interest in a partnership, gain from the disposition, if any, will be subject to the new 3.8% tax only to the extent of an amount equal to the gain that would be allocable to the taxpayer and would be subject to the 3.8% tax if a partnership were to dispose of all of its assets immediately prior to the disposition. Finally, the new 3.8% tax does not apply to any income that is subject to the self employment tax.

The determination of whether all or any portion of the income from the Company will be subject to the new 3.8% tax will depend on each member's own individual circumstances. Therefore, you are urged to consult your own tax advisor regarding the new 3.8% tax on net investment income and its potential application to your investment in the Company.

Unrelated Business Income Tax for Tax Exempt Investors and IRAs. Taxpayers that are normally exempt from U.S. federal income taxation such as qualified retirement plans, 501(c) non-profit organizations and IRAs are nonetheless taxable on the UBTI that they earn from a trade or business that is deemed to be unrelated to their tax exempt purpose. Income from royalty interests in oil and gas properties and the gain from the sale of such interests generally do not produce UBTI. This income and gain can, however, qualify as UBTI as so-called "unrelated debt financed income" if the underlying royalty interests are acquired or improved through the direct or indirect use of debt. The Company intends to acquire Interest in properties that will produce income, both from the Company's ownership and sale of the Interests, that is not UBTI. In addition, the company agreement (i) provides that the Manager will use its best efforts to operate the Company in a manner that is intended to prevent the Company from realizing income that is UBTI, and (ii) prohibits the Company from incurring debt. Therefore, the Company is

intended to produce income that is not UBTI for tax exempt investors. However, there can be no assurance that the Company will be successful or that the IRS will accept and not challenge the Company's conclusion that its income from the Interests that it acquire is not UBTI. In addition, if a tax exempt investor borrows (or were deemed to borrow) funds to acquire or improve its interest in the Company, such investor's allocable share of income from the Company would constitute unrelated debt financed income and, therefore, UBTI to such investor. If all or any portion of the income from the Company constitutes UBTI, for investor members that invest with money from their IRAs, it is possible that the Company's UBTI earnings could be subject to tax twice: once when amounts are earned by the Company and then again when distributions are made from the IRA to the investor. In addition, for tax exempt charitable remainder trusts and charitable remainder unitrusts, they will be subject to a 100% excise tax on any unrelated business taxable income that they receive. Therefore, tax exempt investors, including IRA investors, are urged to consult their tax advisors before becoming a member as to the advisability and the tax effects of becoming an investor member.

Alternative Minimum Tax. The alternative minimum tax ("AMT") applies to all corporate and noncorporate investor members, and increases your liability to the extent the AMT exceeds the sum of your "regular tax" for the year. The computation of your AMT will depend on your income, gains, deductions, losses, adjustments and tax preference items from sources other than the Company and the interaction of these items with your share of income, gains, deductions, losses, adjustments and tax preference items and deductions from the Company. You are urged to consult your own tax advisor with regard to the impact of the AMT on your personal tax situation and your decision to invest as a member.

Reportable Transactions. Under federal law there are various transactions known as "reportable transactions" that must be reported to the IRS by the participants on IRS Form 8886 and by the material advisors to the transactions on certain information returns. In addition, the material advisors must prepare and maintain lists of the persons they advise and provide the lists to the IRS upon written request. If a participant or material advisor to a reportable transaction fails to properly report it to the IRS, they could be subject to substantial tax penalties.

We believe that the sale of units in the Company should not constitute a reportable transaction. Accordingly, we believe that we and the Company are not obligated and, therefore, do not intend to comply with these disclosure or list maintenance requirements in connection with the sale of interests in the Company. In addition, in light of the Company's intended operations, we do not anticipate that the Company will participate in any reportable transactions. There can be no assurance or guarantee that the IRS will agree with our determination. Significant penalties could apply if a party to a reportable transaction fails to comply with these rules, and such rules are ultimately determined to be applicable.

Your investment in the Company could qualify as a reportable transaction even if the Company does not participate in any reportable transactions. This determination will depend on a number of facts and circumstances, which will vary for each investor. Therefore, you are urged to consult with your own tax advisor regarding whether you are required to disclose your participation in the Company to the IRS on Form 8886.

Penalty for Transactions that Lack Economic Substance. Effective for transactions entered into after March 30, 2010, federal law imposes a strict liability penalty on the portion of an underpayment of federal tax that results by reason of a transaction being found to lack economic substance. The penalty is 20% for transactions that are adequately disclosed by taxpayers on their returns (or a statement attached to their returns), and 40% for undisclosed transactions. Whether the so-called economic substance doctrine applies to a transaction is based on all of the facts and circumstances associated with the transaction and various common law doctrines that have been developed by the courts over the years. If the doctrine applies, a transaction will be treated as having economic substance only if (i) the transaction changes, in a meaningful way (apart from the federal income tax effects), the taxpayer's economic position, and (ii) the taxpayer had a substantial purpose (apart from the federal income tax effects) for entering into the transaction.

We do not anticipate that the Company will enter into any transactions to which the economic doctrine will be relevant. If, however, the Company were to enter into one or more transactions to which the economic substance doctrine is relevant, we anticipate that such transactions should meet both prongs of the test for economic substance, and the 20% (or 40%) strict liability penalty should not apply. There can be no assurance, however, that the IRS will agree with our expectations, or that the IRS will not assert that the economic substance penalty should apply to one or more transactions that the Company may enter into. Moreover, depending on a member's own circumstances, the IRS could assert that the member's investment in the Company lacks economic substance and, therefore, may be

subject to the strict liability penalty. Accordingly, you are urged to consult with your own tax advisor regarding the applicability of the economic substance doctrine and the 20% (or 40%) strict liability penalty.

Administrative Matters

Returns and Audits. If the Company is treated as a partnership for U.S. federal income tax purposes (discussed above), the Company will not be required to pay any U.S. federal income taxes. However, the Company must file U.S. federal income tax information returns, which are subject to audit by the IRS. We will be the "tax matters partner" for the Company and, as a result, we will have certain rights and responsibilities with respect to an IRS audit and any court litigation relating to the Company. An audit may also lead to adjustments to the amounts reported on the Company's tax return, in which event you may be required to file amended individual federal income tax returns and pay additional taxes, penalties and interest. In such event, the Company may not be able to make a distribution to you to permit you to pay your additional tax liability. An audit may also lead to an audit of your individual tax return and adjustments to items unrelated to your investment in the units. You should consult your tax advisor as to the potential impact these procedural rules may have on you.

Consistency Requirements. You must generally treat the Company's items on your U.S. federal income tax return consistently with the treatment of such items on the Company's information return unless you file a statement with the IRS identifying the inconsistency or otherwise satisfy the requirements for waiver of the consistency requirement. The failure to satisfy this requirement may result in an adjustment to conform your treatment of the item to the treatment of the item on the Company's information return. The intentional or negligent disregard of the consistency requirement may subject you to substantial penalties.

Compliance Provisions. You may be subject to several penalties and other provisions that encourage compliance with the federal income tax laws, including an accuracy-related penalty in an amount equal to 20% of the portion of your underpayment of tax caused by negligence, intentional disregard of rules or regulations or any "substantial understatement" of income tax. A "substantial understatement" of tax is an understatement of income tax that exceeds the greater of (a) 10% of the tax required to be shown on your return (the correct tax), or (b) $5,000 ($10,000 if you are a corporation other than an S corporation or personal holding corporation).

Except in the case of understatements attributable to "tax shelter" items, an item of understatement may not give rise to the penalty if (a) there is or was "substantial authority" for the treatment of an item or (b) all facts relevant to the tax treatment of an item are disclosed on the Company's return and there is a reasonable basis for the tax treatment of such item. Under the applicable Treasury Regulations, however, you may make adequate disclosure with respect to the Company's items if certain conditions are met.

If your investment qualifies as a reportable transaction, you could be subject to a 20% accuracy-related penalty if a significant purpose of the transaction is the avoidance or evasion of federal income tax. The penalty increases to 30% if the transaction is not adequately disclosed to the IRS. There is an exception to these penalties if you are able to show that you adequately disclosed the transaction, there was substantial authority for your position and you reasonably believed that your tax treatment was more likely than not the proper treatment.

Accounting Methods and Periods. The Company will use the accrual method of accounting and will select the calendar year as its taxable year to the extent permitted by law.

Election to Adjust Tax Basis of Company Property. As a result of the tax accounting complexities inherent in, and the substantial expense that would be attendant to, making the election to adjust the tax basis of Company property provided by Code sections 734, 743 and 754, we do not presently intend to make such election on behalf of the Company. The absence of any such effective election and of the power to compel the making of such an election may, in many circumstances, result in a reduction in value of Company units to any potential transferee and may be considered an additional impediment to the transferability of units in the Company.

Self-employment Tax. Individuals are generally required to pay a tax on their income from self-employment, that is, from carrying on a trade or business as a sole proprietor or a partner in a partnership. The tax is designed to afford Social Security coverage to self-employed individuals. The tax is levied as part of the estimated tax liability of self-employed persons. The self-employment tax is imposed on "self-employment income" and is based on "net earnings from self-employment." We believe that under current law net earnings from self-employment includes a member's allocable share (whether or not distributed) of income or loss from any trade or business carried on by the Company, and

we intend to report the members' income and loss as such on the Schedule K-1s each year that are filed with the IRS and provided to the members.

While the portion of self-employment tax allocable to Social Security is subject to an annual earnings cap, the portion of the self-employment tax allocable to Medicare is not subject to such cap and, therefore, participation as a member by an investor who has otherwise paid his or her maximum Social Security tax for the year (either through self-employment tax or through FICA tax as an employee) could still subject the investor to an additional Medicare tax liability with respect to his or her share of Company income.

State and Local Taxes. Certain states and localities in which you may reside or where the Company conducts business may levy income taxes for which you may be liable in respect to your share of Company income. It may be necessary for you to file income tax returns with such states or localities to report such income. In Texas, the Company, rather than the individual members, will be subject to the state's franchise tax on a portion of the Company's gross revenue from its operations that is apportioned to Texas. In addition, as a result of the Company's operations, the Company may be subject to certain other state and local taxes. The Company's payments of such state and local taxes will reduce the amount of cash available for distribution to the members.

Because this summary is generally limited to issues of U.S. federal income tax law and it does not address issues of state or local law, we urge you to consult your tax advisor regarding the impact of state and local laws on an investment in the Company.

Possible Changes in Federal Tax Laws. The statutes and regulations with respect to all of the foregoing tax matters are subject to continual change by Congress or the Department of Treasury. Similarly, interpretations of these statutes and regulations may be modified or affected by judicial decision, the IRS or the Department of Treasury. Any such change may have an effect on the discussion set forth above.

Recently there have been specific legislative proposals concerning the tax treatment of exploring for and producing oil and gas, and some of those proposals reduce or eliminate some of the tax benefits described in this memorandum. For example, as part of its budget proposal for the 2012 fiscal year, the current administration proposed to repeal a number of the tax benefits currently available for the exploration for and production of oil and gas including the ability to currently deduct intangible drilling costs, the availability of percentage depletion for independent producers and the working interest exception to the passive activity loss rules. The administration's budget proposal also included a proposal to increase the amortization period for geological and geophysical costs to seven years for all taxpayers (currently only major integrated oil companies are required to amortize geological and geophysical costs over seven years); exclude gross receipts from the sale of oil and natural gas from the calculation of the domestic production deduction; and eliminate certain tax credits that are potentially available in connection with the production of oil and natural gas. To date, these changes have not been enacted. These changes are proposed to take effect in 2012, and, if enacted, could have an adverse impact on the U.S. oil and gas industry. The same changes were proposed by the current administration as part of its budget proposals for the 2010 and 2011 fiscal years. Those proposals, however, were not enacted by Congress. At this time it is not possible to predict whether any such proposals, including the administration's budget proposals, will become law.

In addition, the IRS has proposed and is still considering changes in regulations and procedures, and numerous private interest groups have lobbied for regulatory and legislative changes in federal income taxation. Many of such proposals might, if adopted, have the overall effect of reducing the tax benefits presently associated with participating in the Company.

It is likely that further proposals will be forthcoming or that previous proposals will be revived in some form in the future. It is impossible to predict with any degree of certainty what past proposals may be revived or what new proposals may be forthcoming, the likelihood of adoption of any such proposals, the likely effect of any such proposals upon the income tax treatment presently associated with oil and gas ventures, investments, or the Company, or the effective date of any legislation which may derive from any such past or future proposals. Therefore, each potential investor is urged to consult with its own tax advisor regarding the effect that a change in tax law could have on his or her decision to invest in the Company.

Individual Tax Advice Should Be Sought. The foregoing is only a summary of the federal tax considerations that may affect your decision regarding the purchase of units. The tax considerations attendant to an

investment in the Company are complex and vary with individual circumstances. You are urged to review such tax consequences with your own tax advisor.

COMPETITION AND MARKETS AND REGULATION

Competition

There are thousands of oil and natural gas companies in the United States. Competition is strong among persons and companies involved in the exploration for and production of oil and natural gas. We expect the Company to encounter strong competition at every phase of business. The Company will compete with entities having financial resources and staffs substantially larger than those available to the Company when acquiring Interests.

Markets

The marketing of any oil and natural gas produced on the properties in which the Company holds an Interest will be affected by a number of factors that are beyond the Company's control and whose exact effect cannot be accurately predicted. These factors include:

- the amount of crude oil and natural gas imports;
- general economic conditions in the United States and around the world;
- the availability, proximity and cost of adequate pipeline and other transportation facilities;
- the success of efforts to market competitive fuels, such as coal and nuclear energy and the growth and/or success of alternative energy sources such as wind power;
- the effect of United States and state regulation of production, refining, transportation and sales;
- the laws of foreign jurisdictions and the laws and regulations affecting foreign markets; and
- other matters affecting the availability of a ready market, such as fluctuating supply and demand.

The supply and demand balance of crude oil and natural gas in world markets has caused significant variations in the prices of these products over recent years. Current economic uncertainties in the United States and around the global have enhanced the uncertainty for future prices for crude oil and natural gas. The North American Free Trade Agreement eliminated trade and investment barriers in the United States, Canada, and Mexico, resulting in increased foreign competition for domestic natural gas production. New pipeline projects recently approved by, or presently pending before, FERC as well as nondiscriminatory access requirements could further substantially increase the availability of natural gas imports to certain U.S. markets. Such imports could have an adverse effect on both the price and volume of natural gas sales from wells subject to a Company Interest.

Members of the Organization of Petroleum Exporting Countries establish prices and production quotas for petroleum products from time to time with the intent of reducing the current global oversupply and maintaining, lowering or increasing certain price levels. We are unable to predict what effect, if any, such actions will have on both the price and volume of crude oil sales from the wells farmed out by the Company. In several initiatives, FERC has required pipeline transportation companies to develop electronic communication and to provide standardized access via the Internet to information concerning capacity and prices on a nationwide basis, so as to create a national market. Parallel developments toward an electronic marketplace for electric power, mandated by FERC, are serving to create multi-national markets for energy products generally. These systems will allow rapid consummation of natural gas transactions. Although this system may initially lower prices due to increased competition, it is anticipated to expand natural gas markets and to improve their reliability.

Regulation

The Company's operations will be affected from time to time in varying degrees by domestic and foreign political developments, federal and state laws and regulations and the laws of other countries where some of the

Interests may be located. State and federal governmental regulation of the oil and gas industry is in a potentially fluid situation and could change dramatically as a result of many outside factors, including a shift in the philosophy of the governmental environmental policies and continued increases in the price of oil and national security concerns. Even though the Company itself will not engage directly in the drilling for or production of oil or natural gas, by reason of the Interests, the Company will be affected by all aspects of the oil and gas industry that regulate or impact such activities.

Production. In most areas of operations within the United States the production of oil and natural gas is regulated by state agencies that set allowable rates of production and otherwise control the conduct of oil and natural gas operations. Among the ways that states control production is through regulations that establish the spacing of wells or in some instances may limit the number of days in a given month during which a well can produce.

Environmental. The drilling and production operations of the wells in which the Company has an Interest will also be subject to environmental protection regulations established by federal, state, and local agencies that in turn may necessitate significant capital outlays that would materially affect the financial position and business operations of the Company. These regulations, enacted to protect against waste, conserve natural resources and prevent pollution, could necessitate spending funds on environmental protection measures, rather than on drilling operations. If any penalties or prohibitions were imposed on the Company for violating such regulations, the Company's operations could be adversely affected.

Natural Gas Transportation and Pricing. FERC regulates the rates for interstate transportation of natural gas as well as the terms for access to natural gas pipeline capacity. Pursuant to the Wellhead Decontrol Act of 1989, however, FERC may not regulate the price of natural gas. Such deregulated natural gas production may be sold at market prices determined by supply and demand, Btu content, pressure, location of wells, and other factors. We anticipate that all of the natural gas produced from properties in which the Company holds an Interest will be considered price decontrolled natural gas and that the natural gas will be sold at market value.

Proposed Regulation. In the past, Congress has been very active in the area of natural gas regulation. In addition, legislative proposals are pending in various states which, if enacted, could significantly affect the petroleum industry. On December 19, 2007, President Bush signed into law the Energy Independence and Security Act ("EISA"), a law targeted at reducing national demand for oil and increasing the supply of alternative fuel sources. While EISA does not appear to directly impact the Company's operations or cost of doing business, its impact on the oil and gas industry in general, if any, is uncertain. No prediction can be made as to what additional legislation may be proposed, if any, affecting the competitive status of an oil and gas producer, restricting the prices at which a producer may sell its oil and/or gas, or the market demand for oil and/or gas, nor can it be predicted which proposals, including those presently under consideration, if any, might be enacted, nor when any such proposals, if enacted, might become effective.

The Kyoto Protocol to the United Nations Framework Convention on Climate Change became effective in February 2005 (the "Protocol"). Under the Protocol, participating nations are required to implement programs to reduce emissions of certain gases, generally referred to as greenhouse gases that are suspected of contributing to global warming. The United States is not currently a participant in the Protocol. However, the U.S. Congress is considering proposed legislation directed at reducing greenhouse gas emissions. In addition, there has been support in various regions of the country for legislation that requires reductions in greenhouse gas emissions, and some states have already adopted legislation addressing greenhouse gas emissions from various sources, primarily power plants. The natural gas and oil industry is a direct source of certain greenhouse gas emissions, namely carbon dioxide and methane, and future restrictions on such emissions could impact the operations on wells in which the Company holds an Interest. The Company's operations are not adversely impacted by current state and local climate change initiatives and, at this time, it is not possible to accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact the Company's business.

OTHER REGULATORY CONSIDERATIONS

Employee Benefit Plan Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), governs the investment of the assets of certain employee benefit plans that may be investors in the Company. ERISA and the rules and regulations of the Department of Labor ("DOL") under ERISA contain provisions that should be considered by

fiduciaries of those plans and their legal advisers. This memorandum does not address any ERISA or DOL requirements or issues from the perspective of the ERISA plan. Prospective ERISA plan investors and their fiduciaries are urged to consult their own advisors with respect to the suitability, propriety and legality of an investment in the Company under, among other things, ERISA, DOL rules and regulations, and the ERISA plan's own governing instruments. Further, prospective ERISA plan investors and their fiduciaries should take into account the fact that, as described below, neither the Company , the general partner, nor any of their respective affiliates, representatives, agents, or employees will be acting as a fiduciary under ERISA to any ERISA plan, either with respect to the ERISA plan's purchase or retention of its investment or with respect to the management and operation of the assets and activities of the Company.

Under the regulations issued by the DOL, when a plan covered by ERISA acquires an equity interest (such as a membership interest) in an entity (such as the Company) that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act of 1940, the assets of the ERISA plan (the "plan assets") include not only such equity interest, but also an undivided interest in each of the underlying assets of the entity, unless an exception applies. If the Company were determined to hold "plan assets," ERISA's prohibited transaction restrictions and fiduciary standards would apply to, and would materially affect, the investments and operation of the Company. One exception to this result is available if the ownership of each class of equity interest in the entity (the Company), determined on the date of the most recent acquisition of any equity interest in the entity, by benefit plan investors has a value in the aggregate of less than 25% of the total value of such class of equity interest that is outstanding. We will rely on this exception and will not accept investments in the Company from ERISA and other benefit plans that would cause their aggregate ownership to exceed this 25% limit. Therefore, it is intended that the assets of the Company will not constitute "plan assets" for the purposes of ERISA and will be managed accordingly.

Securities Act of 1933

Company interests in the Company will not be registered under the Securities Act of 1933 or any other securities law, including state securities or blue sky laws. Company interests will be offered without registration in reliance upon the exemption contained in Section 4(2) of the Securities Act of 1933 or Regulation D applicable to transactions not involving a public offering. Each prospective investor will be required to make customary private placement representations in a subscription agreement.

CERTAIN PROCEEDINGS

Neither we nor the Company are the subject of any material legal proceeding, action or suit presently pending. However, on or about September 23, 2002, Wisconsin issued a Summary Order of Prohibition to Mark Solomon. The Order prohibited Mr. Solomon from offering and selling securities in Wisconsin without compliance with the registration provisions under the Wisconsin Uniform Securities Law or an exemption therefrom, and further prohibited Mr. Solomon employing an agent to represent him in Wisconsin for purposes of offering or selling securities without such person being registering to offer or sell securities in Wisconsin. Mr. Solomon subsequently became registered in the state of Wisconsin, and, on or about April 22, 2003, Wisconsin issued an order rescinding its September 23, 2002 Summary Order of Prohibition to Mr. Solomon on the basis that Wisconsin found that rescission of the Order was appropriate in the public interest and for the protection of investors.

FURTHER INFORMATION

All prospective members will be given access to information appropriate to the determination of whether to purchase the units. We will make available to any potential member, or his or her attorney, accountant, tax advisor or representative, any other information deemed necessary and appropriate by the potential member in making a decision about whether to invest in the Company, including geological information, subject to the execution of a confidentiality agreement by the requesting potential member, to the extent such information is available to us or may be obtained by it without unreasonable cost or effort. We will answer all inquiries from prospective members concerning the matters contained in this memorandum.

EXHIBIT A

Company Agreement

FORM OF

AMENDED AND RESTATED COMPANY AGREEMENT

OF

EMERALD ROYALTY FUND, LLC

A Texas Limited Liability Company

The Units of membership interests in the Company represented by this document have not been registered under any securities laws and the transferability of such Units is restricted. Such Units may not be sold, assigned or transferred, nor will any assignee, vendee, transferee or endorsee thereof be recognized as having acquired any such Units by the issuer for any purposes, unless (i) a registration statement under the Securities Act of 1933, as amended, with respect to the transfer of such Units shall then be in effect and such transfer has been qualified under all applicable state securities laws, or (ii) the availability of an exemption from such registration and qualification shall be established to the satisfaction of counsel to the Company. The Units of membership interests in the Company represented by this document are subject to further restriction as to their sale, transfer, hypothecation or assignment as set forth in the Company Agreement and agreed to by each Member. Said restriction provides, among other things, that no vendee, transferee, assignee or endorsee shall have the right to become a substituted Investor Member without the consent of the Manager.

TABLE OF CONTENTS

Page

AMENDED AND RESTATED COMPANY AGREEMENT
OF
EMERALD ROYALTY FUND, LLC
A Texas Limited Liability Company

This AMENDED AND RESTATED COMPANY AGREEMENT is entered into and shall be effective as of the 22nd day of February, 2011 (the "Effective Date"), by and among Unity Resources, LLC, a Texas limited partnership, as the Manager, Mark Solomon as the nominal initial Member (the "Initial Member") and the Persons whose names are set forth on attached Exhibit A-1, as the investor members (the "Investor Members"), pursuant to the provisions of the Texas Business Organizations Code (the "Texas Code") on the following terms and conditions. This Amended and Restated Company Agreement amends and restates the prior Company Agreement, as amended, of the Company in its entirety.

SECTION 1. DEFINITIONS

1.1 Instructions. Capitalized words and phrases used in this Agreement have the meanings set forth in this Section 1.1 or elsewhere in this Agreement:

(a) [Intentionally Omitted]

(b) "Adjusted Capital Account" means, with respect to any Member or Unit Holder, the balance in such Member's or Unit Holder's Capital Account as of the end of the taxable year, after giving effect to the following adjustments: (i) credit to such Capital Account that amount which such Member or Unit Holder is deemed obligated to restore pursuant to the next to last sentence of sections 1.704-2(g)(1) and (i)(5) of the Regulations; and (ii) debit to such Capital Account items described in sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations. This definition of Adjusted Capital Account is intended to comply with the provisions of Regulation section 1.704-1(b)(2)(ii)(d), and will be interpreted consistently with that provision.

(c) "Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person owning or controlling ten percent or more of the outstanding voting interests of such Person, (iii) any officer, director or general partner of such Person, or (iv) any Person who is an officer, director, general partner, trustee or holder of ten percent or more of the voting interests of any Person described in clauses (i) through (iii) of this sentence.

(d) "Agreement" means this Amended and Restated Company Agreement, as amended from time to time. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder," refer to this Agreement as a whole, unless the context otherwise requires.

(e) "Capital Account" means with respect to any Member or Unit Holder, the capital account maintained for such Member or Unit Holder pursuant to Section 4.1 hereof.

(f) "Capital Contribution" means, with respect to any Member or Unit Holder, the amount of cash or the Gross Asset Value of property contributed to the Company with respect to the interest in the Company held by such Member or Unit Holder. "Capital Contributions" refers to the aggregate of the foregoing contributions.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

(h) "Company" means the Company formed pursuant to this Agreement and the Company continuing the business of this Company in the event of dissolution as herein provided.

(i) "Company Minimum Gain" has the meaning set forth in Regulations sections 1.704-2(b)(2) and 1.704-2(d) for the term partnership minimum gain.

(j) "Costs"

(i) When used in connection with services, "Costs" means the reasonable, necessary and actual expense incurred by the Manager or its Affiliates on behalf of the Company in providing such services, determined in accordance with generally accepted accounting principles.

(ii) When used elsewhere, "Cost" means the price paid by the Manager or its Affiliates in an arms-length transaction.

(k) "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction (excluding depletion) allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction (excluding depletion) for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction (excluding depletion) for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Manager.

(l) "Direct Costs" shall mean all Costs directly incurred by the Company or the Manager on behalf of the Company necessary for the purchase or sale of Interests. Direct Costs shall include, without limitation, broker fees and landmen fees as applicable, and such other costs which are necessary for the acquisition or sale of Interests and allocable to the Company, including in the case of a sale of Interests, the costs of third-party engineering evaluations and reports. Direct Costs shall not include Organization Costs and Offering Costs or General and Administrative Expenses.

(m) "General and Administrative Expenses" mean General and administrative expenses means all customary and routine legal, accounting, geological, engineering, travel, office rent, telephone, compensation to officers and employees, and other incidental expenses of the Manager necessary to acquire or sell the Interests. General and Administrative Expenses also include all reasonable and necessary costs and expenses incurred in connection with searching for, screening and negotiating the possible acquisition or sale of Interests for the Company, such as the performance of reserve and other technical studies, employing the services of engineers, geologists and geophysicists, consulting fees, professional fees, attorneys' fees, and reserve evaluations prepared by independent petroleum engineers.

(n) "Fiscal Year" means (i) the period commencing upon the formation of the Company and ending on December 31 of such calendar year, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clause (ii) of this sentence for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss, deduction or credit pursuant to Section 4 hereof. The Manager shall have the right, subject to complying with the Code and other applicable law, to change the Fiscal Year of the Company.

(o) "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for U.S. federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member or Unit Holder of more than a de minimis amount of Property as consideration for an interest in the Company; (C) the grant of an interest in the Company as consideration for the provision of services to the Company by an existing Member or Unit Holder or a new Member or Unit Holder acting in a "partner capacity" or in anticipation of becoming a Member (in each case within the meaning of Regulation section 1.704-1(b)(2)((iv)(d)); and (D) the liquidation of the Company within the meaning of Regulations section 1.704-1(b)(2)(ii)(g); provided, however that the adjustments pursuant to clauses (A), (B) and (C)

above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members and Unit Holders in the Company;

(iii) The Gross Asset Value of any Company asset distributed to any Member or Unit Holder shall be adjusted to equal the gross fair market value of such asset on the date of distribution;

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code section 734(b) or Code section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection to the extent the Manager determines that an adjustment pursuant to subsection (ii) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection; and

(v) If the Gross Asset Value of a Company asset has been determined or adjusted pursuant to (ii) or (iv) above, such Gross Asset Value will then be adjusted by the Depreciation taken into account with respect to the asset for purposes of computing Profits and Losses.

(p) "Interests" shall have the meaning set forth in Section 2.3.

(q) "Liquidating Event" has the meaning set forth in Section 12.

(r) "Majority in Interest" shall mean Members whose total share of allocations of Profits, Losses and other items as set forth in Section 4 represents more than 50% of all allocations of the Profits, Losses and other items as set forth in Section 4. Unless otherwise required under the Texas Code or this Agreement, for each matter requiring a vote of the Members or Investor Members hereunder, each Member shall vote pro rata in accordance with the percentage that such Member's share of allocations of Profits, Losses and other items bears to all allocations of Profits, Losses and other items as set forth in Section 4.

(s) "Manager" means any Person who (i) is the Manager, and (ii) has not ceased to be a Manager pursuant to the terms of this Agreement. "Managers" means all such Persons. As of the Effective Date, Unity Resources, LLC, a Texas limited liability company, is the Manager of the Company.

(t) "Net Cash" means the gross cash proceeds of the Company from all sources, reduced by (i) Capital Contributions, and (ii) amounts used to pay or establish reserves for all Company expenses, debt payments (except as provided herein), capital improvements, replacements and contingencies, all as determined by the Manager. "Net Cash" shall not be reduced by depreciation, amortization, depletion, cost recovery deductions or similar allowances, but shall be increased by any reductions of reserves previously established.

(u) "Offering Termination Date" shall mean May 31, 2011 or such earlier date as the Manager, in its sole and absolute discretion, shall elect, or unless extended for up to six months as the Manager may determine, in the exercise of its sole and absolute discretion, with or without notice.

(v) "Nonrecourse Deductions" has the meaning set forth in section 1.704-2(b)(1) of the Regulations.

(w) "Nonrecourse Liability" has the meaning set forth in section 1.704-2(b)(3) of the Regulations.

(x) "Member Nonrecourse Debt" has the meaning set forth in section 1.704-2(b)(4) of the Regulations for the term partner nonrecourse debt.

(y) "Member Nonrecourse Debt Minimum Gain" has the meaning set forth in section 1.704-2(i)(2) of the Regulations for the term partner nonrecourse debt minimum gain.

(z) "Member Nonrecourse Deductions" has the meaning set forth in sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Regulations for the term partner nonrecourse deductions.

(aa) "Members" means the Manager and all Investor Members, where no distinction is required by the context in which the term is used herein. "Member" means any one of the Members.

(bb) "Memorandum" means that certain Amended and Restated Confidential Private Placement Memorandum of Emerald Royalty Fund, LLC dated February 22, 2011, as may be amended or supplemented from time to time.

(cc) [Intentionally Omitted]

(dd) "Person" means any individual, company, partnership, corporation, limited liability company, trust or other entity.

(ee) "Profits" and "Losses" mean the Company's net taxable income or loss determined in accordance with Code section 703(a) and Regulation section 1.703-1 for each Fiscal Year (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code section 703(a)(1) will be included in taxable income or loss) with the following adjustments:

(i) Such Profits and Losses will be computed as if items of tax-exempt income and nondeductible, noncapital expenditures (under Code sections 705(a)(1)(B) and 705(a)(2)(B)) were included in the computation of taxable income or loss;

(ii) Any items specially allocated pursuant to this Agreement shall not be taken into account in computing Profits or Losses;

(iii) In the event the Gross Asset Value of any Company property is adjusted pursuant to subparagraph (ii) or subparagraph (iii) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) Credits or debits to Capital Accounts due to a revaluation of Company assets in accordance with Regulation section 1.704-1(b)(2)(iv)(f), or due to a distribution of noncash assets, will be taken into account as gain or loss from the disposition of such assets for purposes of computing Profits and Losses;

(v) Any expenditures of the Company described in Code section 705(a)(2)(B) for a Fiscal Year or treated as being so described in Regulation section 1.704-l(b)(2)(iv)(i) and not otherwise taken into account in this subsection will be subtracted from the taxable income or loss;

(vi) To the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code section 734(b) is required, pursuant to Regulation section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's or Unit Holder's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the property) or loss (if the adjustment decreases such basis) from the disposition of such property and shall be taken into account for purposes of computing Profits or Losses; and

(vii) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed in accordance with the definition of "Depreciation."

(ff) "Property" means all real and personal property acquired by the Company and any improvements thereto, and shall include both tangible and intangible property.

(gg) "Regulation" means all proposed, temporary, and final regulations promulgated under the Code, as such regulations may be amended from time to time.

(hh) "Safe Harbor" means the election described in the Safe Harbor Regulation, pursuant to which the Company and all of its Members may elect to treat the fair market value of any Company interest that is Transferred in connection with the performance of services as being equal to the liquidation value of that Company interest.

(ii) "Safe Harbor Election" means the election by the Company and its Members to apply the Safe Harbor, as described in the Safe Harbor Regulation and Internal Revenue Service Notice 2005-43 or any successor authority.

(jj) "Safe Harbor Regulations" means Regulation section 1.83-3(l) or any successor authority.

(kk) "Texas Code" means the Texas Business Organizations Code, as amended from time to time (or any corresponding provisions of succeeding law).

(ll) "Transfer" means, as a noun, any voluntary or involuntary transfer, sale or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell or otherwise dispose of.

(mm) "Unit" means an undivided interest of the Members in the aggregate interest in the capital and profits of the Company.

(nn) "Unit Holders" means all Persons who hold Units, regardless of whether they are Members. "Unit Holder" means any one of the Unit Holders.

(oo) "Unity" means Unity Resources, LLC, a Texas limited liability company, and its successors and assigns.

SECTION 2. THE COMPANY

2.1 Organization. The Company was formed on February 9, 2010 by the filing of the certificate of formation described in section 3.005 of the Texas Code (the "Certificate") with the Texas Secretary of State. The Investor Members hereby agree to continue the Company as a limited liability company pursuant to the provisions of the Texas Code and upon the terms and conditions set forth in this Agreement.

2.2 Name. The name of the Company shall be EMERALD ROYALTY FUND, LLC and all business of the Company shall be conducted in such name. The Manager may change the name of the Company so long as notice is provided to the Investor Members. The Company shall hold all of its Property in the name of the Company and not in the name of any Member.

2.3 Principal Business. The purposes for which the Company is organized are:

(a) To evaluate, acquire, hold and/or own mineral interests and royalty interests (the "Interests") in oil and gas properties undergoing current development or expected to undergo development and in oil and gas properties with existing oil and/or gas production;

(b) To sell, assign or convey leasehold rights in oil and gas properties in which the Company holds a mineral interest;

(c) To assign, transfer or sell the Interests, or any portion thereof;

(d) To perform any acts that Manager in its sole discretion determines to be necessary, desirable or convenient in accomplishing the foregoing purposes; and

(e) To engage in any other lawful activity permitted under the Texas Code.

2.4 Principal Place of Business. The principal place of business of the Company shall be at 5600 Tennyson Parkway, Suite 115, Plano, Texas 75024. The Manager may change the principal place of business of the Company to any other place so long as notice is provided to the Investor Members.

2.5 Term. The term of the Company commenced on the Effective Date and shall continue until the tenth anniversary of the Effective Date, unless extended further by the Manager in its sole discretion, and unless sooner terminated with the consent of the Manager, by an affirmative vote of a Majority in Interest of the Investor Members or until, if earlier, the winding up and liquidation of the Company and its business is completed following a Liquidating Event, as provided in Section 12.

2.6 Filings; Agent for Service of Process.

(a) The Manager has caused the Certificate to be filed in the office of the Secretary of State of Texas in accordance with the provisions of the Texas Code. The Manager shall take any and all other actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the laws of the State of Texas. The Manager shall cause amendments to the Certificate to be filed whenever required by the Texas Code.

(b) The Manager shall execute and cause to be filed original or amended certificates of formation for the limited liability company and shall take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the laws of any other states or jurisdictions in which the Company engages in business.

(c) The agent for service of process of the Company shall be Mark Solomon or any successor as appointed by the Manager. The agent for service of process shall be entitled to resign at any time by delivering written notice to the Manager.

(d) Upon the dissolution of the Company, the Manager (or, in the event there is no Manager, any Person elected to serve as liquidator pursuant to Section 12 hereof) shall promptly execute and cause to be filed certificates of dissolution in accordance with the Texas Code and the laws of any other states or jurisdictions in which the Company has filed certificates.

2.7 Independent Activities. Each Member, including the Manager, may, notwithstanding this Agreement, engage in whatever activities they choose, whether the same are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member. Neither this Agreement nor any activity undertaken pursuant to it shall prevent the Manager from engaging in such activities, or require the Manager to permit the Company or any Member to participate in any such activities, and as a material part of the consideration for the execution of this Agreement by the Manager and the admission of each Member, each Member hereby waives, relinquishes, and renounces any such right or claim of participation.

2.8 Authorized Units. The limited liability company interests of the Investor Members in the Company shall be represented by Units, and there are hereby authorized a total of 120 Units.

2.9 Prohibition on Indebtedness. Notwithstanding anything in this Agreement to the contrary, the Company shall be prohibited from incurring any indebtedness that could reasonably be expect to cause all or any portion of the Company's gross income (without regard to any deduction attributable thereto) to be "unrelated business taxable income" as such term defined by section 512 of the Code and the Regulations thereunder.

SECTION 3. CAPITAL CONTRIBUTIONS

3.1 Manager.

(a) The name and address of the Manager are set forth in Exhibit A.

(b) On or before the Offering Termination Date, Unity shall purchase at least one Unit issued by the Company. The Capital Contribution to be made by Unity and the number of Units to be received by Unity in exchange for such Capital Contribution pursuant to this Section 3.1(b) are set forth in Exhibit A.

(c) Unity shall also perform certain services for or on behalf of the Company in exchange for an additional interest in the Company's profits as set forth in Sections 4 and 5. The Company, the Members and Unit Holders hereby acknowledge and agree that such additional interest, and the rights and privileges associated with therewith, collectively are intended to constitute a "profits interest" in the Company within the meaning of Revenue Procedure 93-27, 1993-2 C.B. 343, or any successor Internal Revenue Service or Regulation or other pronouncement applicable as of the Effective Date. The Members agree that, in the event the Safe Harbor Regulation is finalized, the Company is authorized and directed to elect the Safe Harbor Election and the Company and each Member and Unit Holder (including any Person to whom an interest in the Company is Transferred in connection with the performance of services) agrees to comply with all requirements of the Safe Harbor with respect to all interests in the Company if Transferred in connection with the performance of services while the Safe Harbor Election remains effective. The Manager shall be authorized to, and shall, prepare, execute, and file the Safe Harbor Election. Any transferee of an interest shall agree to be bound by this Section 3.1(c).

3.2 Investor Members. The names, addresses, Capital Contributions and Units of Company interest of the Investor Members shall be set forth on attached Exhibit A-1, which shall be amended by the Manager from time to time. The Manager shall have the sole and absolute right to admit to the Company, as Investor Members, such qualified Persons as the Manager deems advisable. Each Person purchasing Units in the Company pursuant to the offering described in the Memorandum shall deliver to the Company a subscription agreement executed by him, together with payment to the Company of $50,000 in cash per Unit, except as provided below in this Section 3.2. The minimum subscription per subscriber in such offering is $25,000 (1/2 Unit), which may be waived and lesser fractions of a Unit sold in the sole discretion of the Manager. From each Unit subscribed, excluding the Unit(s) subscribed for by the Manager, a sales commission in the amount of 8% of the subscribed amount will be paid to the FINRA-licensed soliciting broker-dealer responsible for such subscription, such amount including selling commission, placement fees, and due diligence and marketing allowances (the "Commission"); provided, however, no Commissions shall be paid from any Units subscribed through officers of Unity or registered investment advisors. Subscribers purchasing Units through officers of Unity or registered investment advisors shall pay $50,000 per unit, net of the Commissions, or $46,000 per unit. Upon execution and delivery of a subscription agreement and this Agreement by a Member other than the Initial Member, and acceptance of such subscription by the Manager, the Initial Member shall withdraw as a member of the Company with no right to any profits, losses, distributions or capital of the Company. The Company shall commence operations once it has received and accepted Capital Contributions from Investor Members representing 10 Units.

3.3 Extent of Liability. Except as otherwise provided by applicable law:

(a) No Member shall have any personal liability whatsoever, whether to the Company, the Manager or any creditor of the Company, for the debts, expenses, liabilities, contracts or any other obligation of the Company unless that Member otherwise agrees to that liability;

(b) Except as set forth below, a Member shall be liable only to make his Capital Contributions and shall not be required to lend any funds to the Company or, after his Capital Contributions have been paid, to make any additional Capital Contributions to the Company; provided, however, a Member shall be liable for all or part of a returned Capital Contribution if a Member receives a distribution from the Company in violation of the Act and that Member had knowledge of the violation; and

(c) No Member or Manager shall have any personal liability for the repayment of any Capital Contributions of any Member.

3.4 Other Matters.

(a) Except as otherwise provided in this Agreement, no Member shall demand or receive a return of his Capital Contributions or withdraw from the Company without the consent of the Manager. Under circumstances requiring a return of any Capital Contributions, no Member shall have the right to receive property other than cash except as may be specifically provided herein.

(b) No Member shall receive any interest, salary or draw with respect to his Capital Contributions or his Capital Account or for services rendered on behalf of the Company or otherwise in his capacity as a Member, except as otherwise provided in this Agreement.

3.5 Loans. No Member or Manger shall make a loan or otherwise advance money to or for the benefit of the Company.

SECTION 4. ALLOCATIONS

4.1 Capital Accounts. A separate Capital Account shall be established and maintained for each Member and Unit Holder on the books and records of the Company. Capital Accounts shall be maintained in accordance with Regulation section 1.704-1(b)(2)(iv) (taking into account any future amendments to such Regulation and any corresponding provisions of any succeeding Regulations) and any inconsistency between the provisions of this Agreement and such Regulation shall be resolved in favor of the Regulation. In the event the Manager shall determine that it is necessary or prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company of the Members or Unit Holders), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material adverse effect on the amounts distributable to any Member or Unit Holder pursuant to Section 12.2 hereof upon the dissolution of the Company.

The initial Capital Accounts of Unity and the Investor Members are set forth in Exhibit A and Exhibit A-1, respectively.

4.2 Allocation of Profits and Losses.

(a) Profits. After giving effect to the special allocations set forth in Section 4.3 below, all Profits shall be allocated among the Members and Unit Holders as follows:

(i) First, to the Members and Unit Holders to the extent of, in proportion to and in the reverse order in which Losses were allocated to them pursuant to Section 4.2(b), until the cumulative amount of Profits allocated to each Member or Unit Holder pursuant to this Section 4.2(a)(i) is equal to cumulative amount of Losses so allocated to such Member or Unit Holder pursuant to Section 4.2(b);

(ii) Second, to the Members and Unit Holders (and ratably among them based upon the number of Units held by such Members and Unit Holders), until the cumulative amount of Profits allocated to each Member or Unit Holder pursuant to this Section 4.2(a)(i) is equal to the cumulative amounts so distributed to each such Member or Unit Holder under Section 5.1(a), or that would be distributed to each such Member or Unit Holder under Section 5.1(a) if such amounts were available for distribution; and

(iii) Thereafter, 75% to the Members and Unit Holders (and ratably among them based upon the number of Units held by such Members and Unit Holders), and 25% to Unity.

(b) Losses. After giving effect to the special allocations set forth in Section 4.3 below and except as provided in Section 4.2(b)(iii), all Losses shall be allocated among the Members and Unit Holders as follows:

(i) First, to the Members and Unit Holders to the extent of, in proportion to and in the reverse order in which Profits were allocated to them pursuant to Section 4.2(a), until the cumulative amount of Losses allocated to each Member or Unit Holder pursuant to this Section 4.2(b)(i) is equal to cumulative amount of Profits so allocated to such Member or Unit Holder; provided, however, that to the extent that any Profits allocated to a Member or Unit Holder under Section 4.2(a) are distributed pursuant to Section 5, no Losses shall be allocated under this Section 4.2(b)(i) to offset such Profits; and

(ii) Second, to the Members and Unit Holders with positive Adjusted Capital Account balances in proportion to their respective positive Adjusted Capital Accounts until the positive balances in their Adjusted Capital Accounts are reduced to zero.

(iii) The Losses allocated to the Members pursuant to this Section 4.2(b) shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have a deficit Adjusted Capital Account balance at the end of any Fiscal Year. In the event some but not all of the Members would have a deficit Adjusted Capital Account balance as a consequence of an allocation of Losses pursuant to this Section 4.2(b), the limitation set forth in this Section 4.2(b)(iii) shall be applied on Member by Member or Unit Holder by Unit Holder basis so as to allocate the maximum permissible Losses to each Member or Unit Holder under Regulation section 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 4.3 shall be to the Members and Unit Holders ratably based upon the number of Units held by such Members and Unit Holders.

4.3 Special Allocations. Notwithstanding Section 4.2,

(a) Allocation of Organization Costs. The organization and offering costs of the Company shall be allocated 100% to the Investor Members.

(b) Minimum Gain Chargeback. In the event there is a net decrease in Company Minimum Gain during any Fiscal Year, the "minimum gain chargeback" described in Regulation section 1.704-2(f) and Regulation section 1.704-2(g) shall apply.

(c) Member Nonrecourse Debt Minimum Gain Chargeback. In the event there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, the "partner minimum gain chargeback" described in Regulation section 1.704-2(i)(4) shall apply.

(d) Qualified Income Offset. This Section 4.3(d) incorporates the "qualified income offset" set forth in Regulation section 1.704-1(b)(2)(ii)(d) as if those provisions were fully set forth in this Section 4.3(d).

(e) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year shall be to the Members and Unit Holders ratably based upon the number of Units held.

(f) Member Nonrecourse Deductions. The Member Nonrecourse Deductions of the Company shall be allocated each year to the Member or Unit Holder that bears the economic risk of loss (within the meaning of Regulation section 1.752-2) with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable

(g) Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset, pursuant to Code sections 734(b) or 743(b) is required, pursuant to Regulation sections 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to a Member or Unit Holder in complete liquidation of its membership interest, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specifically allocated to the Members and Unit Holders in accordance with their Units (in the event Regulations section 1.704-1(b)(2)(iv)(m)(2) applies) or to the Member or Unit Holder to whom such distribution was made (in the event Regulations section 1.704-1(b)(2)(iv)(m)(4) applies).

4.4 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses or other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code section 706 and the Regulations thereunder.

(b) The Manager is authorized to amend this Agreement if, in its sole discretion, based upon advice from its legal counsel or accountants, an amendment to the allocations set forth in this Section 4 is required for such allocations to be recognized for federal income tax purposes, either because of the promulgation of Regulations or other developments in applicable law. The Manager shall use its best effort to make any such required amended allocation provisions conform as nearly as possible to the original allocations described herein. The Members and Unit Holders are aware of the income tax consequences of the allocations made by this Section 4 and hereby agree to be bound by the provisions of this Section 4 in reporting their shares of Company income and loss for income tax purposes.

(c) For any Fiscal Year, "excess nonrecourse liabilities" of the Company within the meaning of Regulation section 1.752-3(a)(3) shall be allocated to the Members and Unit Holders ratably based upon the number of Units held.

(d) In accordance with Code section 704(c), if a Member or Unit Holder contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss and deductions with respect to the property shall, solely for federal income tax purposes, be allocated among the Members or Unit Holders so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution. The Manager shall determine the method used by the Company to make allocations pursuant to Code section 704(c).

SECTION 5. DISTRIBUTIONS

5.1 Distributions to Members and Unit Holders. Except as otherwise provided in Section 12 hereof, positive Net Cash, if any, shall be distributed, at such times as the Manager may determine, but in no event less frequently than monthly, as follows:

(a) First, to the Members and Unit Holders (and ratably among them based upon the number of Units held by such Members and Unit Holders) until the cumulative amount distributed to each Member and Unit Holder pursuant to this Section 5.1(a) equals a 7% annual and cumulative return on the amount of the Member's or Unit Holder's initial Capital Contribution as set forth Exhibit A or Exhibit A-1, as applicable;

(b) Second, to the Members and Unit Holders (and ratably among them based upon the number of Units held by such Members and Unit Holders) until the cumulative amount distributed to each Member or Unit holder pursuant to this Section 5.1(b) equals the amount of the Member's or Unit Holder's initial Capital Contribution as set forth Exhibit A or Exhibit A-1, as applicable; and

(c) Thereafter, 75% to the Members and Unit Holders (and ratably among them based upon the number of Units held by such Members and Unit Holders) and 25% to Unity.

5.2 Amounts Withheld. If required by applicable law, the Manager shall cause the Company to withhold such amounts as may be required from any payment or distribution from the Company to a Member or Unit Holder, and the Manager shall remit such amount on a timely basis to the tax authority or other entity entitled to it. Any (a) amounts so withheld or (b) estimated or other payments to tax authorities with respect to any Profits or other items allocable to the Members or Unit Holders shall be treated as mounts distributed to the Members and Unit Holders pursuant to this Section 5 for all purposes. The Manager shall allocate any such amounts among the Members and Unit Holders in accordance with applicable law.

5.3 Limitation Upon Distributions.

(a) The Company may not make a distribution to the Members and Unit Holders to the extent that, immediately after giving effect to the distribution, all liabilities of the Company, other than liabilities to Members and Unit Holders with respect to their interests and liabilities for which the recourse of creditors is limited to specified property of the Company, exceed the fair value of the Company's assets, except that the fair value of property that is subject to a liability for which recourse of creditors is limited shall be included in the Company's assets only to the extent that the fair value of that property exceeds that liability.

(b) A Member or Unit Holder who receives a distribution that is not permitted under this Agreement has no liability under the Texas Code to return the distribution unless the Member or Unit Holder knew that the distribution violated the prohibition of the Texas Code. This does not affect any obligation of the Members or Unit Holders under this Agreement or other applicable law to return the distribution.

(c) Except as otherwise provided by Section 5.5 of this Agreement, a Member or Unit Holder has no right to receive any distribution from the Company in any form other than cash.

5.4 Distributions to Pay Tax. Notwithstanding any provision contained herein, the Manager may, in its sole discretion, authorize periodic distributions of Net Cash to any Member or Unit Holder in amounts necessary for the payment by the Member or Unit Holder of any taxes owed by such Member or Unit Holder as a result of Profits allocated to such Member or Unit Holder pursuant to Section 4.1, when such Member or Unit Holder does not otherwise receive a distribution of Net Cash relating to such allocation pursuant to Section 5.1. Any distributions pursuant to this Section 5.4 will count as an advance of distributions under Sections 5.1 or 5.5, as applicable.

5.5 In-Kind Distributions.

(a) When the Manager, in its sole discretion determines that it is appropriate to sell all, or substantially all, of the Company's Interests, the Manager will have all of the Company's Interests valued by an independent valuation expert that will be selected by the Manager in its sole discretion. The expert will determine the aggregate value such Interests on the basis that the Interests will be sold together as a single package (the "Exit Value"), and the expert will assign a relative value based on the Exit Value to each individual Interest owned by the Company (the "Individual Interest Value"). Once the valuation expert provides the Manager with a written valuation of the Company's portfolio of Interests, the Manager will notify each Investor Member in writing (i) of the amount of the Exit Value, and (ii) each Investor Member's option to: (x) have the Company attempt to sell its Interests and distribute the net cash proceeds to the Investor Members and to the Manager pursuant to Section 5.1 or (y) to receive an in-kind assignment of the Investor Member's proportionate share of each individual Interest owned by the Company (the "In-Kind Option").

(b) Investor Members will have 30 days from the date of the notice to elect either the Cash Option or the In-Kind Option. If an Investor Member does not respond with its election within 30 days, the Investor Member will be deemed to have elected the Cash Option; provided, however, the Cash Option will only be available if Investor Members owning more than 33% of the outstanding Units in the Company that are owned by Investor Members elect the Cash Option. If Investor Members owning 67% or more of the outstanding units elect the In-Kind Option, then the In-Kind Option will apply to all Members. If Investor Members owning more than 33% of the outstanding Units in the Company that are owned by Investor Members elect the Cash Option, the Cash Option will be available for the Members who elect the Cash Option and the In-Kind Option will be available to the Members that elect the In-Kind Option.

(c) Under the In-Kind Option, the Company will assign in-kind to a Member and/or Unity an undivided proportionate share of each Interest owned by the Company so that the relative values of the undivided Interests so assigned, in the aggregate and based on the Exit Value and the Individual Interest Values, are equal to the relative amount of cash that the Investor Member and Unity would have received had the Company sold all of its Interests for the Exit Value and distributed the cash in accordance with Section 5.1. The assignment of undivided shares of the Company's Interests to an Investor Member under the In-Kind Option will be in complete redemption of its Units in the Company, and each Investor Member will cease to be a member of the Company once it receives its in-kind assignments.

(d) If the Cash Option is available, the Company will first assign a portion of its Interests to the Investor Members who elect the In-Kind Option and/or Unity pursuant to Section 5.5(c) above. The Investor Members that elect the In-Kind Option will cease to be members of the Company after they receive their in-kind assignments. The Manager will then endeavor to sell all of the Company's remaining Interests as a single package in one or a series of transactions; provided, however, that the Manager shall not be required to sell the Company's remaining Interests as a single package and the Manager shall be authorized to sell the Company's remaining Interests in any manner that the Manger determines in its sole discretion to be appropriate. If and when the Company sells its remaining Interests, the net proceeds from such sales will be distributed among the remaining Investor Members and Unity pursuant to Section 5.1. Once the Company sells all of its remaining Interests, the Company will terminate and liquidate pursuant to Section 12.

SECTION 6. MANAGEMENT

6.1 Authority of the Manager. Except to the extent otherwise provided herein, the Manager shall have the exclusive right to manage the business of the Company and shall have all of the rights and powers which may be possessed by a Manager under the Texas Code including, without limitation, the right and power to:

(a) acquire by purchase, lease or otherwise any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;

(b) acquire, maintain, own, or grant options with respect to, sell, convey, assign, transfer and lease any Interests in oil and gas properties necessary, convenient or incidental to the accomplishment of the purposes of the Company, including selling or assigning all or substantially all of the Interests owned or otherwise held by the Company;

(c) enter into and execute a mineral management agreement with Farmers National Company, or its successors or assigns, whereby Farmers National Company will perform financial and accounting services, administrative and office services, among other technical and administrative services relating to any Interests acquired by the Company.

Farmers National Company, may receive a fee equal to 6% of the gross income, among other reasonable fees set forth in writing in the mineral management agreement, from royalty interests and mineral interests held by the Company.

(d) execute any and all agreements, contracts, documents, certifications, licenses and instruments necessary or convenient in connection with the purposes of the Company and the management, maintenance of the Interests and employ such Persons, including Affiliates of the Manager, as are necessary to perform the duties required thereby;

(e) execute, in furtherance of any or all of the purposes of the Company, any lease agreement or bill of sale, contract or other instrument or agreement purporting to convey any or all of the Interests held by the Company;

(f) undertake, prepay in whole or in part, recast, increase, modify or extend any liabilities affecting the Company as necessary, convenient or incidental to the purposes of the Company; provided, however, notwithstanding anything to the contrary herein, the Manager shall not cause the Company to enter into an agreement to borrow funds;

(g) care for and distribute funds to the Members and Unit Holders by way of cash, income, return of capital or otherwise, all in accordance with the provisions of this Agreement, and perform all matters in furtherance of the objectives of the Company and this Agreement;

(h) contract on behalf of the Company for the employment and services of employees and/or independent contractors, including Farmers National Company or any Affiliates of the Manager, such as lawyers and accountants, and delegate to such Persons the duty to manage or supervise any of the assets or operations of the Company;

(i) engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to the Property and Manager) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a Company under the laws of each state in which the Company is then formed or qualified;

(j) make any and all elections for federal, state and local tax purposes including, without limitation, any election, if permitted by applicable law: (i) to adjust the basis of Property pursuant to Code sections 754, 734(b) and 743(b), or comparable provisions of state or local law, in connection with transfers of Company interests and Company distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against the Members and Unit Holders with respect to adjustments to the Company's federal, state or local tax returns; and (iii) to represent the Company, the Members and the Unit Holders before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company, the Members and the Unit Holders in their capacities as Members or Unit Holders, and to execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members and Unit Holders with respect to such tax matters or otherwise affect the rights of the Company, the Members and Unit Holders. The Manager is specifically authorized to act as the "tax matters partner" as such term is defined in section 6231(a)(7) of the Code and in any similar capacity under state or local law;

(k) execute powers of attorney, consents, waivers and other documents that may be necessary before any court, administrative board or agency of any governmental authority, affecting the properties owned by the Company;

(l) take and hold title to property, execute instruments in its name or the name of a nominee all on behalf of the Company and with or without disclosing the true owner or party in

Interest thereto. The Company shall be solely entitled to all rights, titles and interests held by the Manager or nominee on behalf of the Company and solely liable for all expenses, costs and other obligations incurred in connection therewith. All such instruments so executed may be transferred into the name of the Company by assignment or otherwise or held in the name of the Manager or nominee as the Manager may determine; provided, always, that the Manager shall keep as part of the books and records of the Company and properly account on its books for each such contract, deed, note or other instrument indicating the nominal parties thereto, date, thereof and general description of such document;

(m) institute, prosecute, defend, settle, compromise and dismiss lawsuits or other judicial or administrative proceedings brought on or in behalf of, or against, the Company or the Members in connection with activities arising out of, connected with or incidental to this Agreement, and to engage counsel or others in connection therewith; and

(n) take all actions not expressly proscribed or limited by this Agreement, or refrain from taking all actions not expressly required by this Agreement, as may be necessary or appropriate to accomplish the purposes of the Company.

6.2 Right to Rely on the Manager. Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Manager as to:

(a) the identity of any Member;

(b) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company;

(c) the Persons who are authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

6.3 Obligations of the Manager.

(a) The Manager shall take all actions which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Texas (and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Members or to enable the Company to conduct the business in which it is engaged), and (ii) for the accomplishment of the Company's purposes.

(b) The Manager shall devote to the Company such time as may be necessary for the proper performance of all duties hereunder, but the Manager shall not be required to devote full time to the performance of such duties.

(c) The Manager shall conduct the affairs of the Company in the best interests of the Company and of the Investor Members, including the safekeeping and use of all of the Property and the use, sale or farm out thereof for the benefit of the Company. The Members understand, acknowledge and agree that any Property or Leases held by the Company may be sold or farmed out to Affiliates of the Manager in the manner described in the Memorandum.

(d) In order to protect Company assets, the Manager may procure or cause to be procured and maintain or cause to be maintained in force, or contract with others to obtain and

maintain in force, such insurance as in its best judgment it deems prudent to serve as protection against liability for loss and damage that may be occasioned by the activities of the Company. The cost of obtaining such insurance shall be charged to and borne by the Company. The Manager shall not be liable to any Investor Member for any loss that may be sustained by the Company because the Manager did not acquire or cause to be acquired any particular type of insurance.

(e) The Manager will use its best efforts to operate the Company in a manner that is intended to prevent the Company from realizing income that is constitutes unrelated business taxable income for U.S. federal tax purposes.

6.4 Indemnification of the Manager.

(a) To the furthest extent permitted by the Texas Code, the Company, its receiver or its trustee shall indemnify, save harmless and pay all judgments and claims against the Manager and/or its Affiliates relating to any liability or damage incurred by reason of any act performed or omitted to be performed by the Manager and/or its Affiliates in connection with the business of the Company, including attorneys' fees incurred by the Manager and/or its Affiliates in connection with the defense of any action based on any such act or omission, which attorneys' fees and expenses may be paid as statements for such fees and expenses are presented, including all such liabilities under federal and state securities laws (including the Securities Act of 1933, as amended) as permitted by law. Notwithstanding the foregoing, indemnification of the Manager and/or its Affiliates is not permitted if a court or governmental body of competent jurisdiction finds that: (a) the Manager and/or its Affiliates did not act in good faith and did not reasonably believed that its conduct was in the best interests of the Company, (b) the Manager and/or its Affiliates were not acting in its official capacity on behalf of the Company and its conduct was opposed to the Company's best interests, or (c) in the case of any criminal proceeding, the Manager and/or its Affiliates had reason to believe its course of conduct was unlawful.

(b) In the event of any action by a Member or Unit Holder against the Manager, including a Company derivative suit, the Company shall indemnify, save harmless and pay all expenses of the Manager, including attorneys' fees, incurred in the defense of such action, if the Manager is successful in such action.

(c) The Company shall indemnify, save harmless and pay all expenses, costs or liabilities of the Manager and its affiliates who for the benefit of the Company makes any deposit, acquires any option or makes any other similar payment or assumes any obligation in connection with any property proposed to be acquired by the Company and who suffers any financial loss as the result of such action.

6.5 Reimbursement and Compensation to the Manager.

(a) The Manager shall receive as compensation for its services as Manager the following amounts:

(i) Direct Costs Reimbursement. The Manager shall be reimbursed for all Direct Costs of the Company for which it pays. The Manager may charge to the Company and be reimbursed or pay out of Company funds, as and when available, all Direct Costs incurred by the Manager in the operation of the Company.

(ii) Management Fee. The Manager is entitled to an annual management fee equal to 0.75% of initial aggregate Investor Member's Capital Contributions, subject to a cap of 10% of the Company's annual cash flow. The fee shall be payable on a quarterly basis.

(iii) Profits Interest. Unity shall receive an additional interest in the Company's profits as set forth in Sections 4 and 5 constituting a "profits interest" pursuant to Section 3.1(c) hereof.

(iv) Administrative Fee. The Manager shall be reimbursed for all General and Administrative Expenses allocable to the Company, in an amount not to exceed 12% of aggregate Investor Member Capital Contributions.

(v) Organization and Offering Costs. The Manager shall be reimbursed by the Company for its organization costs and offering costs, including legal, marketing, travel, mailing, third-party due diligence, escrow, assignment and accounting costs in connection with the formation of the Company and the offering in an aggregate amount equal to 2% of aggregate Investor Member's Capital Contributions.

(vi) Offering Fee. The Manager shall receive a one-time fee in an amount equal to 1% of Investor Member's Capital Contributions as compensation for its sponsorship of the offering.

(b) The Manager shall not be deemed to have received commissions, fees or other compensation paid to any firm, proprietorship, Company or corporation that is an Affiliate, or in which the Manager, or any Member, officer, director or employee thereof or any member of any such person's respective immediate family, owns a beneficial interest. Nothing contained in this Agreement shall be deemed to:

(i) Restrict the right of the Manager or any Affiliate to be reimbursed for sums actually expended in conducting the business of the Company;

(ii) Restrict the right of the Manager or any other person to receive the income or distributions to which they would otherwise be entitled as the Manager or a Member under the terms of this Agreement; or

(iii) Prevent or restrict the Manager, or any related person or entity from obtaining or sharing in all or any part of any commissions or other sums payable in connection with any property purchased or sold by the Company.

6.6 Interpretation. If any provision of this Agreement is unclear or ambiguous in the opinion of the Manager, the Manager, in its sole and absolute discretion, shall have the right and power to interpret such provision in accordance with the purposes, and in the best interests of the Company and all the Members; provided that the Manager may not interpret the provisions hereof so as to increase its compensation as set forth herein.

6.7 Reliance Upon Experts. The Manager may employ or retain such counsel, accountants, engineers, geologists, landmen, appraisers or other experts or advisors as it may reasonably deem appropriate for the purpose of discharging its duties hereunder, and shall be entitled to pay the fees of any such persons from the funds of the Company. The Manager may act and shall be protected in acting in good faith on the opinion or advice of, or information obtained from any such counsel, accountant, engineer, geologist, appraiser or other expert or advisor, whether retained or employed by the Company, the Manager, or otherwise, in relation to any matter connected with the administration or operation of the business and affairs of the Company.

6.8 Limitations on Members' Acts.

(a) Prohibited Acts. The Members, including the Manager, are expressly prohibited from entering into any contract or other transaction that would:

(i) Result in possession of Company property or assignment of any rights in specific Company property, other than for a Company purpose;

(ii) Authorize the lending of Company funds to the Manager and/or its Affiliates or to any company, partnership or joint venture in which the Manager or an Affiliate is an officer, managing partner or manager; or

(iii) Result in the Company from incurring any indebtedness for borrowed funds.

(b) Acts Requiring Unanimous Approval. Except by the unanimous consent of all of the Members, including the Manager, no Member has authority to:

(i) Assign the Company property in trust for creditors or on the assignee's promise to pay the debts of the Company;

(ii) Dispose of the goodwill of the business; or

(iii) Do any other act, which would make it impossible to carry on the ordinary business of the Company.

6.9 Other Permissible Activities. No Member is prevented hereby from engaging in other activities for profit, whether in the oil and gas business or otherwise. The Members, including the Manager and its Affiliates, have and in the future may engage in other businesses including the organization and management of additional companies, limited partnerships, joint ventures, limited liability companies or corporations for the exploration of oil and gas and must necessarily divide their time between the business of the Company and their other activities. The Members, including the Manager and its Affiliates, are hereby authorized, during the life of the Company, to acquire oil or gas interests or properties and not offer the same to the Company. Further, nothing herein shall prevent another company organized by the Manager or any Affiliate from acquiring a prospect that is in the same geographical reservoir covered by any Lease owned, farmed out or sold by this Company.

SECTION 7. ROLE OF INVESTOR MEMBERS

7.1 Rights or Powers. No Investor Member shall take part in the control or management of the business or transact any business for the Company, and no Investor Member shall have the power to sign for or bind the Company. Any action or conduct of Investor Members on behalf of the Company is hereby expressly prohibited. Any Investor Member who violates this Section 7.1 shall be liable to the remaining Investor Members, the Manager, and the Company for any damages, costs, or expenses any of them may incur as a result of such violation. The Investor Members hereby grant to the Manager or its successors or assignees the exclusive authority to manage and control the Company business in its sole discretion and to thereby bind the Company and all Members in its conduct of the Company business. Investor Members shall have the right to vote only with respect to those matters specifically provided for in these Articles. No Investor Member shall have the authority to:

(a) Assign the Company property in trust for creditors or on the assignee's promise to pay the debts of the Company;

(b) Dispose of the goodwill of the business;

(c) Do any other act that would make it impossible to carry on the ordinary business of the Company;

(d) Confess a judgment;

(e) Submit a Company claim or liability to arbitration or reference;

(f) Make a contract or bind the Company to any agreement or document;

(g) Use the Company's name, credit, or property for any purpose;

(h) Do any act which is harmful to the Company's assets or business or by which the interests of the Company shall be imperiled or prejudiced; or

(i) Perform any act in violation of any applicable law or regulations thereunder, or perform any act that is inconsistent with the terms of this Agreement.

7.2 Voting Rights. The Investor Members, voting together with the Manager, shall have the right to vote on all Company decisions expressly requiring the vote of such Investor Members under the Texas Code and on matters expressly requiring their vote or consent under the provisions of this Agreement. Unless otherwise required under the Texas Code or this Agreement, the affirmative vote of Members representing a Majority in Interest of the Members shall be required on any matter requiring the vote or consent of Investor Members. Unless otherwise required under the Texas Code or this Agreement, for each matter requiring a vote of the Investor Members hereunder, each Member shall vote pro rata in accordance with the percentage that such Member's share of allocations of Profits, Losses and other items bears to all allocations of Profits, Losses and other items as set forth in Section 4. Such vote may be obtained in accordance with the procedures described in Section 9. In addition to any matters otherwise set forth in this Agreement, the affirmative vote of the Investor Members will be required to approve the following: (a) the borrowing of funds by the Company (other than the establishment of lines of credit or other trade debt incurred in the ordinary course of business); (b) the removal of the Manager and election of a new Manager pursuant to Section 11.4(a) (which removal shall require the vote as set forth in Section 11.4(a) hereof); (c) the dissolution and winding up of the Company and, if necessary, appointment of an entity to oversee the winding up of the Company's affairs, pursuant to Section 12; (d) the voluntary withdrawal of the Manager and the election of a new Manager if the Manager elects to withdraw pursuant to Section 11; (e) the merger of the Company into or with another entity or an exchange of a majority of the membership interests of the Company for the ownership interests of another entity; and (f) any amendment to Section 2.3 of this Agreement and to the provisions of this Agreement which would alter, in any material way, the rights of the Investor Members, or their obligations, or the obligations of the Company under this Agreement, including amendments to the voting rights or to provisions governing the interests of the Investor Members in Profits, Losses, other allocation items, or Company distributions (except where required and permitted under Section 4). Notwithstanding any other provisions of this Agreement, no amendment to this Agreement shall have the effect of modifying the limited liability of any Investor Member without the specific consent of such Investor Member. Any amendment to the provisions of this Section 7.2 or to Section 11.4(a) hereof requiring a vote of 70% of the Units held by the Investor Members to remove the Manager, shall require a vote of 70% of the Units held by the Investor Members.

SECTION 8. BOOKS AND RECORDS

8.1 Books and Records.

(a) The Company shall keep all books and records required by the Texas Code in the manner described in sections 153.551 and 101.501 (or any successor provisions) of the Texas Code and shall make such records and books available to its Members (or their representatives) in the manner set forth in the Texas Code, upon notice as described in the Texas Code.

(b) An alphabetical list of the names and addresses of the Members of the Company along with the number of Units held by each of them (the "Members List") shall be maintained as a part of the books and records of the Company. The Members List shall be available for inspection by any Member at the home office of the Company upon the written request of the Member, and such request must include a statement of the Member's purpose for inspecting the Members List. The purposes for which a Member may request to inspect the Member List include, without limitation, matters relating to voting rights under this Agreement and the exercise of the Member's rights hereunder. The Manager shall not be required or otherwise obligated to allow a Member to inspect the Members Lists if that the actual purpose and reason for the requests for inspection of the Member List is to secure the list of Members or other information for the purpose of selling such list or information or copies thereof, or of using the same for a commercial purpose other than in the interest of the applicant as a Member relative to the affairs of the Company.

The Manager may require the Member requesting to inspect the Member List to represent that the list is not requested for a commercial purpose unrelated to the Member's interest in the Company.

8.2 Financial Statements and Tax Returns. At the expense of the Company, the Manager shall prepare the Company's annual income tax return, the return required by Code section 6050K relating to sales and exchanges of interests in the Company, and annual financial statements, which shall include:

(a) a balance sheet as of the last day of the accounting year;

(b) a statement of income or loss for the full year;

(c) a statement of changes in financial position;

(d) a statement of cash flow and distributions for the full year;

(e) a summary statement of distributions to and changes in the Capital Accounts of all Members; and

(f) a summary statement of assessments, if any.

Such financial statements shall be unaudited. Within 75 days after the close of each accounting year, the Manager shall transmit to each person who was a Member (or assignee) during such accounting year, a copy of such financial statements and a report (which may be in the form of Schedule K-1 to IRS Form 1065) containing necessary tax information.

8.3 Reports. In addition to the financial information set forth in this Section 8, the Manager shall furnish to the Members annually a summary statement of any transactions by the Company with the Manager or its Affiliates. The Manager may provide such other reports and financial statements as it, in its sole discretion, deems necessary or desirable.

8.4 Confidentiality. All information relating to the Company and the Members is intended by all Members to be confidential and a trade secret of the Company. Any disclosure of such information to anyone other than a Member or their duly designated representative, or the use of any information regarding the Company, its business or its Members is prohibited; provided, however, that nothing herein shall prevent or restrict the disclosure of any such information for a proper Company business purpose or as otherwise may be required by law. The Company and the Members acknowledge that any breach of the confidentiality provision herein contained may not provide the non-breaching party with an adequate remedy at law and thus, the Members, Company and the Manager acknowledge and agree to injunctive relief with respect to any such breach.

SECTION 9. AMENDMENTS; MEETINGS

9.1 Amendments. Amendments to this Agreement required to be approved by the Investor Members, including any amendment to Section 2.3, may be proposed by the Manager or by a Majority in Interest of the Members. Following such proposal, the Manager shall submit to the Investor Members a text of the form of any proposed amendment, providing that counsel for the Company shall have approved of the same in writing as to form, and the Manager shall include in any such submission a recommendation as to the proposed amendment. The Manager shall seek the written vote of the Members on the proposed amendment or shall call a meeting to vote thereon, in accordance with Section 9.2, and to transact any other business that it may deem appropriate. For purposes of obtaining a written vote, the Manager may require response within a reasonable specified time, but not less than seven (7) days, and failure to respond in such time period shall be deemed to constitute a vote against the proposal. A proposed amendment shall be adopted and be effective as an amendment hereto if it receives the vote of Members representing a Majority in Interest of the Members, except for any amendment to Section 7.2 or to the provisions regarding removal of the Manager set forth in Section 11.4(a) hereof, which shall only be amended by a vote of 70% of the Units held by the Investor Members. In the event that a meeting is duly noticed and called, the affirmative vote of the Units held by Investor Members attending or represented by proxy at such meeting shall be

sufficient to approve any amendment (even if less than the foregoing specified percentage) except for any amendment to Section 7.2 and to the provisions regarding removal of the Manager set forth in Section 11.4(a), which shall only be amended by a vote of 70% of the Units held by the Investor Members; provided further, that Section 11.4(b) shall only be amended with the prior written consent of Unity and by a vote of 70% of the Units held by the Investor Members.

9.2 Meetings of the Members.

(a) Meetings of the Members may be called by the Manager and shall be called upon the written request of Investor Members holding a majority of the Units held by Investor Members. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Investor Members not less than ten (10) days nor more than sixty (60) days prior to the date of such meeting. Investor Members may vote in person or by proxy at such meeting. Whenever the vote or consent of Investor Members is permitted or required under this Agreement, such vote or consent may be given at a meeting of Members or may be given in accordance with the procedure for soliciting a written vote described in Section 9.1. In the event the Manager elects to solicit a written vote, the Manager shall submit to the Investor Members materials describing in detail the proposed action upon which a vote is being sought together with the Managers recommended action as to such proposed action. For purposes of obtaining a written vote, the Manager may require response within a reasonable specified time, but not less than seven (7) days, and failure to respond in such time period shall be deemed to constitute a vote against the proposal. Except as otherwise expressly provided in this Agreement (or the Texas Code), the vote (including any vote for or against a proposal by virtue of a failure to respond) of the Members representing a Majority in Interest of the Members shall be effective.

(b) For the purpose of determining the Members entitled to vote on, or to vote at, any meeting of the Members or any adjournment thereof, the Manager or the Investor Members requesting such meeting may fix, in advance, a date as the record date for any such determination. Such date shall not be more than thirty (30) days nor less than ten (10) days before any such meeting.

(c) Each Investor Member may authorize any Person or Persons (including the Manager) to act for it by proxy on all matters on which an Investor Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Investor Member or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Investor Member executing it. Such revocation may be effected by a writing delivered to the Company stating that the proxy is revoked or by a subsequent proxy executed by the Person executing the prior proxy and presented to the meeting, or as to any meeting by attendance at such meeting and voting in person by the Person executing the proxy. A proxy is not revoked by the death or incapacity of the maker unless, before the vote is counted, written notice of such death or incapacity is received by the Company.

(d) Each meeting of Members shall be conducted by such Person as the Manager may appoint pursuant to such rules for the conduct of the meeting as the Manager or such other Person deems appropriate.

SECTION 10. TRANSFERS OF UNITS; DISTRIBUTIONS

10.1 Restriction on Transfers. Except as otherwise permitted by this Agreement, no Unit Holder shall Transfer all or any portion of his Units.

10.2 Permitted Transfers. Subject to the conditions and restrictions set forth in Section 10.3, a Unit Holder may at any time Transfer all or any portion of his or her Units subject to the following conditions precedent (any such Transfer being referred to in this Agreement as a "Permitted Transfer"):

(a) Except in the case of a Transfer of Units at death or involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Company such documents and instruments of conveyance as may be necessary or appropriate in the opinion of counsel to the Company to effect such Transfer and to confirm the agreement of the transferee to be bound by the provisions of this Section 10. In any case not described in the preceding sentence, the Transfer shall be confirmed by presentation to the Company of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Company. In all cases, the Company shall be reimbursed by the transferor and/or transferee for all costs and expenses that it reasonably incurs in connection with such Transfer.

(b) Except in the case of a Transfer at death or involuntarily by operation of law, the transferor shall furnish to the Company an opinion of counsel, which counsel and opinion shall be satisfactory to the Company, that the Transfer will not cause the Company to terminate for federal income tax purposes.

(c) The transferor and transferee shall furnish the Company with the transferee's taxpayer identification number, sufficient information to determine the transferee's initial tax basis in the Units transferred, and any other information reasonably necessary to permit the Company to file all required federal and state tax returns and other legally required information statements or returns. Without limiting the generality of the foregoing, the Company shall not be required to make any distribution otherwise provided for in this Agreement with respect to any transferred Units until it has received such information.

(d) Except in the case of a Transfer at death or involuntarily by operation of law, either (i) such Transfer shall be registered under the Securities Act of 1933, as amended, and any applicable state securities laws, or (ii) the transferor shall provide an opinion of counsel, which opinion and counsel shall be satisfactory to the Company, to the effect that such Transfer is exempt from all applicable registration requirements and that such Transfer will not violate any applicable laws regulating the Transfer of securities.

(e) In the case of a transfer of Units to the Manager, including any such transfer following an exercise of the Manager's rights pursuant to Section 5.4 hereof, the Manager on behalf of the Company may waive any of the terms or conditions set forth in this Section 10.

10.3 Prohibited Transfers. Any purported Transfer of Units that is not a Permitted Transfer shall be null and void and of no effect whatever; provided that, if the Company is required by proper authority to recognize a Transfer that is not a Permitted Transfer (or if the Company, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the interest Transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred Units, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Units may have to the Company.

In the case of a Transfer or attempted Transfer of Units that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and all Members from all cost, liability and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and lawyers fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

10.4 Rights of Unadmitted Assignees. A Person who acquires one or more Units but who is not admitted as a substituted Investor Member pursuant to Section 10.5 shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement, but shall have no right to any information or accounting of

the affairs of the Company, shall not be entitled to inspect the books or records of the Company, and shall not have any of the rights of a Member under the Texas Code or this Agreement.

10.5 Admission of Unit Holders as Members. Subject to the other provisions of this Section 10, a transferee of Units of Company interest may be admitted to the Company as a substituted Investor Member only upon satisfaction of the conditions set forth below in this Section 10.5:

(a) The Manager consents to such admission;

(b) The Units with respect to which the transferee is being admitted were acquired by means of a Permitted Transfer;

(c) The transferee becomes a party to this Agreement as an Investor Member and executes such documents and instruments as the Manager may reasonably request as may be necessary or appropriate to confirm such transferee as an Investor Member in the Company and such transferee's agreement to be bound by the terms and conditions hereof;

(d) The transferee pays or reimburses the Company for all reasonable legal, filing and publication costs that the Company incurs in connection with the admission of the transferee as an Investor Member with respect to the Transferred Units;

(e) If the transferee is a minor, the transferee provides the Company with evidence satisfactory to counsel for the Company of the authority of the transferee to become a Member and to be bound by the terms and conditions of this Agreement; and

(f) The Manager determines that the total amount of Units owned after such transfer by persons who are a "benefit plan investor" does not equal or exceed the amount that would cause the Company's assets to be considered "plan assets" (successor concept) within the meaning of ERISA or similar laws (whether now enacted or enacted in the future, and whether applicable to private or public plans).

10.6 Representations; Legend.

(a) Each Unit Holder hereby covenants and agrees with the Company for the benefit of the Company and all Unit Holders, that (i) he is not currently making a market in Units and will not in the future make a market in Units, (ii) he will not Transfer his Units on an established securities market, a secondary market (or the substantial equivalent thereof) within the meaning of Code section 7704(b) (and any regulations, proposed regulations, revenue rulings or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (iii) in the event such regulations, revenue rulings or other pronouncements treat any or all arrangements which facilitate the selling of Company interests and which are commonly referred to as "matching services" as being a secondary market or substantial equivalent thereof, he will not Transfer any Unit through a matching service that is not approved in advance by the Company. Each Unit Holder further agrees that he will not voluntarily Transfer any Unit to any Person unless such Person agrees to be bound by this Section 10.6(a) and to voluntarily Transfer such Units only to Persons who agree to be similarly bound. The Company shall, from time to time, at the request of a Unit Holder consider whether to approve a matching service and shall notify all Unit Holders of any matching service that is so approved.

(b) Each Unit Holder hereby represents and warrants to the Company and the Manager that such Unit Holder's acquisition of Units hereunder is made as principal for such Unit Holder's own account and not for resale or distribution of such Units. Each Unit Holder

further hereby agrees that the following legend may be placed upon any counterpart of this Agreement, or any other document or instrument evidencing ownership of Units:

"The Units of membership interests in the Company represented by this document have not been registered under any securities laws and the transferability of such Units is restricted. Such Units may not be sold, assigned or transferred, nor will any assignee, vendee, transferee or endorsee thereof be recognized as having acquired any such Units by the issuer for any purposes, unless (i) a registration statement under the Securities Act of 1933, as amended, with respect to the transfer of such Units shall then be in effect and such transfer has been qualified under all applicable state securities laws, or (ii) the availability of an exemption from such registration and qualification shall be established to the satisfaction of counsel to the Company.

The Company Units represented by this document are subject to further restriction as to their sale, transfer, hypothecation or assignment as set forth in the Company Agreement and agreed to by each Member. Said restriction provides, among other things, that no vendee, transferee, assignee or endorsee shall have the right to become a substituted Investor Member without the consent of the Manager."

10.7 Distributions and Allocations in Respect to Transferred Units. If any Units of Company interest is Transferred during any accounting period in compliance with the provisions of this Section 10, Profits, Losses, each item thereof and all other items attributable to the Transferred interest for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Manager. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that if the Company does not receive a notice stating the date such interest was Transferred and such other information as the Manager may reasonably require within thirty (30) days after the end of the accounting period during which the Transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, on the last day of the accounting period during which the Transfer occurs, was the owner of the interest. Neither the Company nor the Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.7, whether or not the Manager or the Company has knowledge of any Transfer of ownership of any interest.

SECTION 11. MANAGER

11.1 Covenant Not to Withdraw, Transfer or Dissolve. Except as otherwise permitted by this Agreement, the Manager hereby covenants and agrees not to (a) withdraw or attempt to withdraw from the Company, (b) exercise any power under the Texas Code to dissolve the Company, or (c) voluntarily Transfer all or any portion of its interest in the Company as a Manager. Further, the Manager hereby covenants and agrees to continue to carry out the duties of the Manager hereunder until the Company is dissolved and liquidated pursuant to Section 12.

11.2 Permitted Transfers.

(a) The Manager may Transfer all or any portion of its interest in the Company as the Manager (i) at any time to any Person who is such Manager's Affiliate on both the day such Manager became the Manager and the day of such Transfer, (ii) at any time involuntarily by operation of law or (iii) following one hundred twenty (120) days prior written notice of its intention to withdraw and retire as Manager with the consent of the holders of a Majority in Interest of the Members; provided that no such Transfer shall be permitted unless and until all of the conditions set forth in Section 11.2 are satisfied as if the Company interest being Transferred was a Unit of Company interest.

(b) A transferee of a Company interest from the Manager hereunder shall be admitted as the Manager with respect to such interest if, but only if, the admission of such transferee as the Manager is approved by a Majority in Interest of the Investor Members.

(c) Notwithstanding any other provision of the Agreement, the Manager shall have the right to pledge to any Person its rights to receive distributions or payments under this Agreement.

11.3 Prohibited Transfers. Any purported Transfer of any Company interest held by the Manager that is not permitted by Section 11.2 above shall be null and void and of no effect whatever; provided that, if the Company is required to recognize a Transfer that is not so permitted (or if the Company, in its sole discretion, elects to recognize a Transfer that is not so permitted), the interest transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred interest, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such interest may have to the Company.

In the case of a Transfer or attempted Transfer of a Company interest that is not permitted by Section 11.2 above, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the Investor Members from all cost, liability and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and lawyers fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

11.4 Termination of Status as Manager.

(a) The Manager shall cease to be the Manager upon the first to occur of (i) the filing of a certificate of termination, or its equivalent, by the Manager, (ii) the involuntary Transfer by operation of law of such Manager's interest in the Company, (iii) the vote of a Majority in Interest of the Members to approve a request by such Manager to retire, (iv) upon ninety (90) days prior written notice, following the vote of Investor Members holding 70% of the Units held by Investor Members to remove such Manager without Cause (as defined below) or (v) upon ninety (90) days prior written notice, following the vote of Investor Members holding 25% of the Units held by Investor Members to remove such Manager with Cause. "Cause" shall mean, as to any Person, a finding by any court or governmental body of competent jurisdiction of, or an admission or settlement by such Person acknowledging: (i) any intentional or willful material breach of this Agreement, (ii) any act of willful misconduct with respect to the Company, or (iii) any material act of fraud. In the event the Manager ceases to be the Manager, then the Members shall elect a successor Manager by a Majority in Interest of the Members.

(b) If at the time a Person ceases to be a Manager such Person is also an Investor Member or a Unit Holder with respect to Units other than his interest as a Manager, such cessation shall not affect such Person's rights and obligations with respect to such Units. In the event a Person ceases to be the Manager without having Transferred his entire interest as the Manager, such Person shall be treated as an unadmitted transferee of a Company interest as a result of an unpermitted Transfer of an interest pursuant to Section 11.3, except as otherwise provided in this Section 11.4(b). Unity, if it is involuntarily removed by the Investor Members without Cause pursuant to Section 11.4(a)(iv), shall retain its profits interest in the Company set forth in Section 3.1(c), including all rights associated with such profits interest, including, but not limited to, the right to receive allocations of profits and losses under Section 4.2, the right to distributions pursuant to Sections 5.1 and 5.5, and rights upon dissolution or winding up under Section 12.2. Unity, if it is involuntarily removed by the Investor Members with Cause pursuant to Section 11.4(a)(v), shall not retain its profits interest in the Company set forth in Section 3.1(c). Notwithstanding any other provision of this Agreement, this Section 11.4(b) shall only be

amended with the prior written consent of Unity and by a vote of 70% of the Units held by the Investor Members.

SECTION 12. DISSOLUTION AND WINDING UP

12.1 Liquidating Events. The Company shall dissolve and commence winding up and liquidating upon the tenth anniversary of the Effective Date, unless the term is extended further by the Manager in its sole discretion, or earlier, upon the first to occur of any of the following ("Liquidating Events"):

(a) With the consent of the Manager, upon the vote by a Majority in Interest of the Members to dissolve, wind up and liquidate the Company;

(b) The sale or distribution of all of the Company's Interests pursuant to Section 5.5; or

(c) The happening of any other event that makes it unlawful or impossible to carry on the business of the Company.

The Members hereby agree that, notwithstanding any provision of the Texas Code, the Company shall not dissolve prior to the occurrence of a Liquidating Event.

12.2 Winding Up. Upon the occurrence of a Liquidating Event, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members. No Member shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Company's business and affairs. The Manager (or, in the event there is no remaining Manager, any Person elected to be the liquidator by a Majority in Interest of the Members) shall be responsible for overseeing the winding up and dissolution of the Company and shall take full account of the Company's liabilities and Property and the Property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefore, shall be applied and distributed in the following order:

(a) First, to the payment and discharge of all of the Company's debts and liabilities to creditors other than the Manager;

(b) Second, to the payment and discharge of all of the Company's debts and liabilities to the Manager;

(c) Third, the balance, if any, in accordance with Section 5.1.

12.3 No Dissolution. Notwithstanding any other provision of this Section 12, in the event the Company is liquidated within the meaning of Regulations section 1.704-1(b)(2)(ii)(g) but no Liquidating Event has occurred, the Property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up.

12.4 Rights of Members and Unit Holders. Except as otherwise provided in this Agreement, (a) each Member and Unit Holder shall look solely to the assets of the Company for the return of his Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company, and (b) no Member or Unit Holder shall have priority over any other Member or Unit Holder as to the return of his Capital Contributions, distributions or allocations.

12.5 Notice of Dissolution. In the event a Liquidating Event occurs or an event occurs that would, but for provisions of Section 12.1, result in a dissolution of the Company, the Manager shall, within thirty (30) days thereafter, provide written notice thereof to each of the Members and to all other parties with whom the Company regularly conducts business (as determined in the discretion of the Manager) and shall publish notice thereof in a newspaper of general circulation in each place in which the Company regularly conducts business (as determined in the discretion of the Manager).

12.6 Certificate of Termination. Upon the completion of the winding up of the Company pursuant to this Section 12, the Manager shall file or cause to be filed a certificate of termination with the Texas Secretary of State pursuant to the section 11.101 of the Texas Code and shall take all actions and make all filings necessary for such termination to comply with the Texas Code.

SECTION 13. POWER OF ATTORNEY

13.1 The Manager as Attorney-In-Fact. Each Unit Holder hereby makes, constitutes and appoints the Manager and each successor Manager, with full power of substitution and resubstitution, his true and lawful attorney-in-fact for him and in his name, place and stead and for his use and benefit, to sign, execute, certify, acknowledge, swear to, file and record (a) this Agreement and all agreements, certificates, instruments and other documents amending or changing this Agreement as now or hereafter amended which the Manager may deem necessary, desirable or appropriate including, without limitation, amendments or changes to reflect (i) the exercise by the Manager of any power granted to it under this Agreement; (ii) any amendments adopted by the Members in accordance with the terms of this Agreement; (iii) the admission of any substituted Member; and (iv) the disposition by any Member or Unit Holder of his interest in the Company; and (b) any certificates, instruments and documents as may be required by, or may be appropriate under, the laws of the State of Texas or any other state or jurisdiction in which the Company is doing or intends to do business. Each Unit Holder authorizes each such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving each such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in connection with the foregoing as fully as such Unit Holder might or could do personally, and hereby ratifying and confirming all that any such attorney-in-fact shall lawfully do or cause to be done by virtue thereof or hereof.

13.2 Nature as Special Power. The power of attorney granted pursuant to this Section 13:

(a) is a special power of attorney coupled with an interest and is irrevocable;

(b) may be exercised by any such attorney-in-fact by listing the Unit Holders executing any agreement, certificate, instrument or other document with the single signature of any such attorney-in-fact acting as attorney-in-fact for such Unit Holders; and

(c) shall survive the death, disability, legal incapacity, bankruptcy, insolvency, dissolution, or cessation of existence of a Unit Holder and shall survive the delivery of an assignment by a Member or Unit Holder of the whole or a portion of his interest in the Company, except that where the assignment is of such Unit Holder's entire interest in the Company and the assignee, with the consent of the Manager, is admitted as a substituted Member, the power of attorney shall survive the delivery of such assignment for the sole purpose of enabling any such attorney-in-fact to effect such substitution.

SECTION 14. MISCELLANEOUS

14.1 Notices. Any notice, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the Person or to an officer of the Person to whom the same is directed, or sent by first class mail, registered or certified, addressed as follows, or to such other address as such Person may from time to time specify by notice to the Members:

(a) If to the Company, to the Company at the address set forth in Section 2.4 hereof;

(b) If to the Manager, to the address set forth below:

Unity Resources, LLC
Attn: Mark Solomon
5600 Tennyson Parkway, Suite 115
Plano, Texas 75024

(c) If to a Investor Member, to the address set forth opposite his name on attached Exhibit A-1.

Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered, if delivered personally, or 72 hours after being deposited in the United States mail, if sent by registered or certified mail, postage and charges prepaid. Any Person may from time to time specify a different address by notice to the Company and the Members.

14.2 Binding Effect. Except as otherwise provided in this Agreement, every covenant, term and provision of this Agreement shall be binding upon and inure to the benefit of the Members and Unit Holders and their respective heirs, legatees, legal representatives, successors, transferees and assigns.

14.3 Construction. Every covenant, term and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member or Unit Holder.

14.4 Time. Time is of the essence with respect to this Agreement.

14.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

14.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances shall not be affected thereby and that provision shall be enforced to the greatest extent permitted by applicable law.

14.7 Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

14.8 Further Action. Each Member and Unit Holder, upon the request of the Manager, agrees to perform all further acts and execute, acknowledge and deliver any documents which may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

14.9 Variation of Pronouns. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the Person or Persons may require.

14.10 Governing Law. This Agreement and all claims and disputes arising hereunder or related to this Agreement, the transactions contemplated hereby or the conduct of any of the parties in connection therewith shall be governed by, and construed in accordance with, the laws of the State of Texas, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

14.11 Waiver of Action for Partition. Each Investor Member and Unit Holder irrevocably waives any right that he may have to maintain any action for partition with respect to any of the Property.

14.12 Counterpart Execution. This Agreement may be executed in any number of counterparts with the same effect as if all of the Members had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

14.13 Sole and Absolute Discretion. Except as otherwise provided in this Agreement, all actions which the Manager may take and all determinations which the Manager may make pursuant to this Agreement may be taken and made at the sole and absolute discretion of such Manager.

14.14 Entire Agreement. This Agreement and the exhibits hereto, which are incorporated herein by reference, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written.

14.15 Attorneys' Fees. In the event any party takes legal action to enforce any of the terms of this Agreement, any unsuccessful party to such action shall pay the successful party's reasonable expenses, including attorneys' fees, incurred in such action.

14.16 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

14.17 Venue. Each party hereby irrevocably submits to the non-exclusive jurisdiction of any Texas State or United States Federal court sitting in the City and County of Dallas over any action, suit or proceeding arising out of or relating to this Agreement. Each party irrevocably waives, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any action, suit or proceeding brought in such a court has been brought in an inconvenient forum. Each party agrees that final judgment in any such action, suit or proceeding is binding; provided, however, that the service of process is effected upon such party in the manner permitted by law.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Company Agreement as of the day first above set forth.

MANAGER:

UNITY RESOURCES, LLC

By: _____
Name: Mark Mersman
Title: Manager

INITIAL MEMBER:

_____
Mark Solomon

INVESTOR MEMBERS: [Investor Members to sign counterpart signature pages attached to the Subscription Agreement]

EXHIBIT A
TO
COMPANY AGREEMENT
OF
EMERALD ROYALTY FUND, LLC

CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS: UNITY RESOURCES, LLC

Name	Address	# Units / Capital Contribution	Capital Account
Unity Resources, LLC	5600 Tennyson Parkway Suite 115 Plano, Texas 75024		

EXHIBIT A-1
TO
COMPANY AGREEMENT
OF
EMERALD ROYALTY FUND, LLC

CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS: INVESTOR MEMBERS

Name	Address	# Units / Capital Contribution	Capital Account

EXHIBIT B

Form of Management Agreement with Farmers National Company

OIL AND GAS ASSET MANAGEMENT
AGENCY AGREEMENT

This Agency Agreement ("Agency") is made and entered into this 16 day of February, 2010, by and between the **Emerald Royalty Fund, LLC,** ("Principal"), Plano, Texas, and **Farmers National Company** ("Agent"), Tulsa, Oklahoma.

WHEREAS, Principal owns certain oil and gas properties and desires Agent to manage such, and Agent, being experienced in such business is agreeable to managing Principal's properties,

NOW, THEREFORE, Principal and Agent hereby agree that Agent shall manage, various oil, gas and mineral properties shown on SCHEDULE "A" attached hereto (hereinafter called "Properties") or other properties to be designated by Principal from time to time not currently listed. In the management of the properties entrusted to it, Agent shall apply and adhere to standard industry procedures for the management of properties managed in the capacity as agent. The terms and conditions under which this Agency shall be administered are as follows:

1. Principal does hereby grant and give Agent power and authority to negotiate the lease of oil, gas, coal and other minerals, as Agent may deem best with respect to said properties. However, all documents involving any sale of fee rights such as mineral deeds, and Buy and Sell Agreements shall be only with Principal's consent and shall be executed by Principal. Principal agrees that Agent shall have authority to execute oil and gas leases, rights of way agreements, lease option agreements, geophysical exploration and seismic or geophysical agreements. In addition, Principal does hereby grant and give Agent power and authority to negotiate and execute oil and gas marketing agreements, division and transfer orders, joint operating agreements, unitization agreements, gas sales contracts, authorities for expenditure, farm-out agreements, force pooling orders, or any other agreements as Agent may deem necessary in the conduct of any ongoing or future oil, gas, coal and other minerals business transactions. Furthermore, Principal does hereby grant and give Agent power and authority to collect any and all royalties, rents, bonuses and any other moneys due or coming due to Principal attributable to the Properties in any manner whatsoever, and to give proper discharges and releases therefore.

2. Agent will receive and timely process all division orders, transfer orders, letters-in-lieu, and related documents evidencing title and Principal's interest and maintain a log of all such documents generated internally or received from third parties affecting the Properties, using a standard format and shall provide Principal with any requested reports showing date generated or received, date processed, and date returned to purchaser or operator. In the event the Division of Interest cannot be confirmed with existing title information, Agent shall consult with Principal prior to obtaining any title information or other research that may require payment or expense by the Agency.

3. In regard to all working interest properties subject to this agreement, Agent shall promptly and timely review, approve and pay the monthly joint interest expenses. Agent shall have no other responsibility or liability associated with or incurred by the working interest properties held by the Agency. Agent shall only make ownership changes as agreed to by Principal.

4. Agent is to deposit available cash balances each day in an account at a chartered and insured banking institution as shall be agreed upon from time to time by Principal and Agent. Agent may utilize such cash whenever it deems such is necessary for the Agency.

5. Upon receipt of income or principal from properties managed under this agreement, Agent shall deposit said funds and hold in the account as a part of the Agency and the available net income not needed for ongoing obligations shall be distributed monthly to Principal, or as may otherwise be requested in writing by Principal.

6. A summary statement listing all income and principal transactions of the Agency shall be sent to Principal as agreed to by both parties. Each statement shall be conclusive as to the contents thereof unless Principal shall deliver

written objections to Agent within sixty (60) days after receipt of the statement. Principal agrees that the summary statement provided pursuant to this paragraph will serve as the written notification of all income and expenses.

7. Principal shall be ultimately responsible for payment of ad valorem taxes assessed against the Agency's properties. Agent shall assist Principal in compiling a schedule of properties subject to ad valorem taxation to provide to Agent so that notice to appropriate taxing entities and future payments of ad valorem taxes and assessments may be made by Agent. Principal agrees that Agent shall bill and Principal shall pay all ad valorem taxes, assessments and Agent's fees and expenses. The current cost to render and pay ad valorem property taxes is approximately $7.00 per mineral property. This cost does not cover the time and expense of a formal protest of proposed property values.

8. Agent shall not be responsible or liable for determination or payment neither of any taxes assessed against the Agency or the income thereof, nor for the preparation or filing of any tax returns, other than withholding required by statute or treaty. For such purposes, the status of Principal is that of owner.

9. Agent shall prepare an annual statement of income, by property, summarized for income tax purposes for the Agency. The format used by Agent in reporting income and expenses shall be in any one of the current Agent accounting software-generated formats requested by Principal.

10. The ownership of the Agency shall be Principal's. Principal must sign all written directions regarding this Agency. However, Agent in its sole discretion, may accept directions from Principal, whether given orally, by telephone, telegraph, cable or radio, which it believes to be genuine; but Agent shall not be liable for executing, failing to execute or for any mistake in the execution thereof, except in the case of willful default or gross negligence.

11. Agent will charge for its services based on Agent's published fee schedule currently in use as reflected on SCHEDULE "B" attached hereto or as may be agreed upon in writing from time to time. In the event Principal requires consulting or extraordinary services in the management of the properties, the services shall not be performed until Principal has been advised of the nature and estimated cost of the services required and Principal has agreed to the performance of the proposed service and fee.

12. Principal understands that transfer costs, recording fees, including but not limited to Dormant Mineral filings, Memorandums of Agency, title curative documents, and other out-of-pocket expenses will be charged to the Agency in addition to Agent's fees.

13. Principal may add assets to the Agency subject to Agent's acceptance thereof and Principal may withdraw all or any portion of the Agency from time to time upon giving written notice and a receipt to Agent therefor.

14. In consideration of Agent accepting this Agency, Principal agrees to indemnify and hold harmless from any and all costs, damage, expense and liability that Agent may incur by reason of any action taken or omitted to be taken by it upon instructions of Principal in connection with this Agency. Agent shall not be liable for any losses or unfavorable results arising from its compliance with Principal's directions.

15. In the event that Agent requests that environmental screenings be performed on any or all working interest properties, Principal hereby agrees to indemnify and hold harmless Agent, its officers and directors from any and all costs, damage, expense and liability which may be imposed or incurred as the result of any compliance, noncompliance, act or omission to act, by any Federal, state or any other governmental authority's statute, rule, regulation or common law pertaining to environmental quality, protection, or contamination, unless said liability, expense or damage is the result of Agent's negligence. Principal shall pay all costs of performing environmental screenings. Principal reserves the right to waive the performance of environmental screenings on specified working interest properties. Such waiver shall be in writing and shall indemnify and hold harmless Agent, its officers and directors from any and all costs, damage, expense and liability which may be imposed or incurred as the result the nonperformance of any Agent requested environmental screening.

16. Principal and Agent, upon execution of this Agreement, agree to be bound by all its terms and conditions and further agree the same shall remain in full force and effect until terminated, expressly revoked or amended in writing.

17. This Agreement shall become effective as of 16, February 2010, and remain in force and effect for a term of three (3) years from said effective date. Upon expiration of the initial term, either party may terminate this agreement in its entirety, with or without cause, by giving written notice to the other at any time no later than during a period of 90 days following the expiration date. Upon receipt of such notice of termination and payment of all sums due Agent, Agent shall have 60 days to transfer the records and files in its possession, either to Principal, or to a third party designated by Principal in writing. Agent shall cooperate fully to enable Principal to make a smooth transition to a new provider of these services. Should neither party give written notice to terminate during the 90 day window after the expiration date, the Agreement shall continue in force for another full calendar year, again expiring on the calendar anniversary date. This contract will continue in effect year after year unless terminated by either party during the 90 day window, as stipulated in this paragraph. Anything above notwithstanding, Principal shall have the right to terminate the Agreement immediately in the event of wrongdoing or default of Agent.

Emerald Royalty Fund, LLC Principal

Mark T. Mersman, Manager

Farmers National Company, Agent

David L. Smith, Vice President

STATE OF OKLAHOMA }
} ss:
COUNTY OF TULSA }

Before Me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared **David L. Smith**, Vice President of Farmers National Company, known to me to be the identical person who subscribed the name of the make thereof to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Farmers National Company in the capacity therein stated

Given under my hand and seal of office this the 17th day of February, 2010

Notary Public, State of Oklahoma

My commission Expires the 28th day of July, 2013.

.....

STATE OF TEXAS }
} ss:
COUNTY OF }

This instrument was acknowledged before me on 16th day of February, 2010, by Mark T. Mersman, Manager, Emerald Royalty Fund, LLC., a Texas corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

ASHLEY L. KOCIAN
Notary Public, State of Texas
My Commission Expires
June 10, 2013

SCHEDULE "A"
TO
OIL AND GAS PROPERTY MANAGEMENT AGENCY AGREEMENT
Between
Emerald Royalty Fund, LLC, Principal, and Farmers National Company, Agent

PROPERTIES SUBJECT TO THIS AGREEMENT

To be determined from time to time.

SCHEDULE "B"
TO
OIL AND GAS PROPERTY MANAGEMENT AGENCY AGREEMENT
Between
Emerald Royalty Fund, LLC, Principal, and Farmers National Company, Agent

COMPENSATION AGREEMENT

Producing Mineral and Royalty Interests

6% of Gross Income plus $24/property/year

Producing Working Interests

6% of Gross Income plus $200/property/year

Non-Producing Mineral and Royalty Interests

$24/property/year

Activity Fees

• Division Order processing - $40	-Waived-
• Leasing – 6% of bonus	
• Sale of properties – 8% of proceeds	na
• Seismic permits or options – 6% of processed amount	-Waived-
• Delay Rentals or shut-in payments – 6% of processed amount	
• Ad Valorem Tax Servicing Fee - $10/property	
• New account set up fee - $400 plus $25/property	-Waived-
• Distribution fee - $250 plus $10/property	-Waived-
• Conveyance preparation - $75/document	
• Engineering valuations - $85/hr	
• Out-of-pocket expenses – Actual Costs	

Extraordinary Services

FNC shall be entitled to reasonable compensation if it is determined that extended research is warranted to set up properties, determining interest, obtaining clear title, or obtaining sufficient documentation with regard to ownership, leasehold and well status, etc. FNC shall advise client of the information sought and estimated costs prior to performing the work. Client approval will be required before any such work will be performed.

EXHIBIT C

Investor Subscription Booklet

NAME: _____

SUBSCRIPTION BOOKLET

FOR

UNITS OF LIMITED LIABILITY COMPANY INTEREST

IN

EMERALD ROYALTY FUND, LLC

February 23, 2011

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INSTRUCTIONS TO INVESTORS

If you wish to purchase units of limited liability company interest in EMERALD ROYALTY FUND, LLC (the "Company") as described in the Confidential Private Placement Memorandum please take the following steps:

1. Complete, sign and date the signature page of the Subscription Agreement (Document No. 1).

2. Complete, sign and date the Questionnaire (Document No. 2).

3. Complete, sign and date the signature page and power of attorney of the Limited Liability Company (Document No. 3).

4. Complete, sign and date the Quality Control Questionnaire (Document No. 4).

5. All checks should be made payable to: **Emerald Royalty Fund Escrow Account**. **Company checks will not be accepted,** except for a purchase by that company itself.

6. Complete, sign and date the Form W-9 (Document No. 5).

7. Unless otherwise instructed by your broker, return this Subscription Booklet, along with payment of the purchase price for the units you wish to purchase, to the following address:

   Emerald Royalty Fund, LLC
   c/o Unity Resources, LLC
   5600 Tennyson Parkway, Suite 115
   Plano, Texas 75024

Offerees must deliver this Subscription Booklet no later than 5:00 p.m. Central Standard Time on May 31, 2011 unless the offering is completed, withdrawn or terminated sooner or extended in our sole discretion. If you have any questions concerning this offering or how to complete this Subscription Booklet, please contact your broker.

Please retain the amended and restated Confidential Private Placement Memorandum and the attached amended and restated Company Agreement in a secure place for future reference.

We may, in our sole and absolute discretion, reject all or part of your subscription without liability to you. Your execution of the documents in this Subscription Booklet and our acceptance of your subscription constitutes your execution of the Company Agreement and your agreement to be bound by its terms as a member, including the granting of a special power of attorney to us appointing us as the members' lawful representative to make, execute, sign, swear to, and file any amendment to it, governmental reports, certifications, contracts, and other items.

Subscription proceeds of the Company will be held in a separate interest-bearing escrow account with **BOKF, N.A. dba Bank of Texas** as escrow agent (the "Escrow Agent") until at least ten (10) units in the Company have been subscribed for. If the minimum number of units in the Company are not subscribed for prior to the termination of the offering period, the Escrow Agent will return all subscription proceeds. If at least ten (10) units have been subscribed for during the offering period, then we may, in our discretion, direct the Escrow Agent to disburse the funds in the escrow account, in whole or in part, at any time during the remainder of the offering period, and to pay to us all funds in the escrow account upon termination of the offering period.

When required by the context, use in this Subscription Booklet of the singular shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice-versa.

(This page intentionally left blank.)

DOCUMENT NO. 1

SUBSCRIPTION AGREEMENT

TO: Unity Resources, LLC
5600 Tennyson Parkway, Suite 115
Plano, Texas 75024

Re: Emerald Royalty Fund, LLC, a Texas limited liability company (the "Company").

1. Subscription. The undersigned hereby applies to purchase units in the Company to the extent of _____ Units (fill in number of Units), in the amount of $50,000 per Unit or $25,000 per one-half Unit. The Manager, in its sole discretion, may accept applications for less than one-half Unit or for lesser fractional Units. The undersigned agrees to contribute as initial capitalization the sum of $_____. **Checks should be made payable to "Emerald Royalty Fund Escrow Account," unless directed otherwise by the Manager.**

2. Acceptance or Rejection. The undersigned understands that the Manager, Unity Resources, LLC. ("Unity"), in its sole discretion and for any reason, may accept or reject this Subscription and tender of initial capitalization, in whole or in part.

3. Escrow Account. The undersigned understands that the total amount submitted will be deposited in an escrow account and will be promptly returned to the undersigned if: (a) this Subscription has not been accepted and is subsequently rejected by the Manager as provided in the Company Agreement as amended and restated (the "Company Agreement"); or, (b) capitalization of less than $500,000 (the "Initial Capitalization") is received by the close of the Offering Period. It is understood and agreed that if this Subscription is accepted by the Manager and the Company is fully capitalized by such date, the funds tendered herewith shall be deposited to the general account of the Company and shall be considered assets of the Company and applied in accordance with the Company Agreement. If the undersigned is allocated less than the number of Units applied for and the full amount for the Units has been timely paid in full, the Manager shall remit the balance of the full amount paid, if any, to the undersigned within thirty (30) days after such partial acceptance of this Subscription.

4. Information. The undersigned acknowledges that: (1) the information received concerning participation in the Company was made only through direct, personal communication between the undersigned and a representative of the Manager; (2) the undersigned has received and read a copy of the amended and restated Confidential Private Placement Memorandum (the "Memorandum") and the Company Agreement, including all exhibits and supporting documents thereto; (3) the undersigned has had the opportunity to obtain all additional information desired in order to verify or supplement the material contained in the Memorandum; and (4) the undersigned has been advised in writing by the Manager that a Subscriber must be prepared to bear the economic risk of such participation for an indefinite period because of (a) the nature of a limited liability company in oil and/or gas exploration and development; and (b) the substantial restrictions on transfer of the Units as set forth in, among other documents, this Subscription Agreement and the Company Agreement. By executing this Agreement, the undersigned warrants and represents that the undersigned is financially able to bear the risk of losing his entire capital contribution.

5. Execution of Agreement. When accepted by the Manager, in whole or in part, this Agreement shall be valid and binding on the undersigned and the Company for all purposes. The undersigned represents and warrants that the undersigned has received, read and understands the Company Agreement. The signature of the undersigned to this Subscription Agreement may be deemed for all purposes as the execution of the Company Agreement by the undersigned to the same extent and effect as if the undersigned has signed the Company Agreement on the date of the acceptance of this Subscription by the Manager. The undersigned also agrees to execute the signature page to the Company Agreement and power of attorney provided to him with this Subscription Agreement (Document No. 3 to this Subscription Booklet) or a multiple original copy of such document.

6. Restrictions on Transfer. The undersigned understands and acknowledges that the Company Agreement contains certain provisions restricting the transfer of the Units applied for hereby and to which the undersigned will be bound. If this Subscription is accepted in whole or in part, the undersigned agrees that the undersigned will not sell or attempt to sell all or any part of the Units allocated to the undersigned unless he has complied with the restrictions on transfer contained in the Company Agreement.

7. Indemnification. The undersigned recognizes that the acceptance of his Subscription will be based upon his representations and warranties set forth herein and in other instruments and documents relating to the participation of the undersigned in the Company, and the undersigned hereby agrees to indemnify and defend the Manager and the Company and to hold such firms and each officer, director, agent, attorney and/or Subscriber thereof harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or which they may incur by reason of, or in connection with, any misrepresentation made by the undersigned in this Subscription Agreement, the Questionnaire, or elsewhere, any breach by the undersigned of his

warranties, and/or failure by him to fulfill any of his covenants or agreements set forth herein or elsewhere. In addition, any such breach shall result in forfeiture of his Company Units.

8. Confidentiality. The undersigned acknowledges and understands that upon his (her) acceptance as a member he (she) shall come into possession of confidential information which relates to the Company ("Confidential Information") including, but not limited to, specific information which relates to the individual members as well as the business of the Company. The undersigned agrees that he (she) will keep the Confidential Information confidential and that no Confidential Information shall be disclosed or otherwise disseminated except when necessary for legitimate Company purposes. The undersigned acknowledges and agrees that in the event of any breach of this provision the Company would be irreparably and immediately harmed and could not be made whole by monetary damages. Accordingly, the undersigned agrees that in addition to any other remedy to which the Company may be entitled at law or in equity, the Company shall be entitled to an injunction (without posting of bond and without proof of actual damages) to prevent further breaches of this provision.

9. Entire Agreement. This writing, along with the Memorandum (and exhibits attached thereto) and the Questionnaire, contains the entire agreement of the parties with respect to the matters contained herein, supersedes all oral agreements and representations, and may be changed, altered or amended only by a writing specifically referring to this Subscription Agreement and signed by the party against whom enforcement of the change, alteration or amendment is sought.

10. Applicable Law. This Agreement will be construed according to the laws of the State of Texas, and is performable in the City of Dallas, Dallas County, Texas. The Courts located in the State of Texas, state or federal, shall have exclusive jurisdiction to hear and determine all claims, disputes, controversies and actions arising from or relating to this Agreement and any of its terms or provisions, or to any relationship between the parties hereto, and venue shall be in the courts located in Dallas County, Texas. The undersigned expressly consents and submits to the jurisdiction of said courts and to venue being in Dallas County, Texas.

SIGNATURE PROVISIONS ARE ON THE NEXT PAGE

DATED: _____, 2011.

Subscription for _____ Unit(s), at $50,000 per Unit ($25,000 per one-half Unit) totaling $_____.

Amount Enclosed: $_____

Printed Name(s) for Ownership of Record

_____
Applicant's Printed Name(s) for Ownership Record

_____
Applicant's Signature

_____
Co-Applicant's Printed Name(s) for Ownership Record

_____
Co-Applicant's Signature

OWNERSHIP OF RECORD

☐ **Individual Ownership** One Person owner.	**Joint Account (Choose one)** ☐ **Rights of Survivorship** If one owner dies their interest in the account passes to the surviving owners. ☐ **Tenancy in Common** If one owner dies their interest passes to their estate. ☐ **Community Property** Equal ownership for married couples in AZ, CA, ID, LA, NV, NM, TX, WA, and WI.	☐ **Custodial Account UTMA/UGMA** Established by an adult for the benefit of a minor **State of Formation: _____ Date of Termination:_____**

☐ **Other Forms of Ownership: For example corporation, LLC, partnership, or trust**

Description and include documentation:

_____

<u>Documentation required</u>: Trust documents or articles of Organization <u>and</u> Certificate of Organization or Articles of Incorporation <u>and</u> Certificate of Incorporation or Partnership Agreement (or equivalent document).

EMERALD ROYALTY FUND, LLC

Please choose from ONE of the following three options for receipt of distributions

I. DISTRIBUTION ADDRESS — **ELECTRONICALLY DEPOSITED**
(ACH Transactions ONLY; NOT FOR WIRE USE)

Name of Financial Institution: _____

ABA Number _____ **Account Number:** _____

Name on Account: _____

Type of Account: _____ **Checking/Broker** _____ **Savings**

II. DISTRIBUTION ADDRESS — **DISTRIBUTION MAILED TO FINANCIAL INSTITUTION**
(Account number required)

PAYEE: (Name check is to be made out to) _____

Street or P.O. Box: _____

City, State, Zip Code: _____

For the Benefit of (Name): _____

Account Number: _____

III. DISTRIBUTION ADDRESS — **DISTRIBUTION MAILED TO BUSINESS OR RESIDENTIAL ADDRESS**

Name: _____

Address: _____

City, State, Zip Code: _____

Applicant's signature is required in order to process the above information

Applicant's Name*: **(Print)** _____ **Date:** _____

Applicant's Signature*: **(Sign)** _____ **Date:** _____

***By signing above, the applicant hereby authorizes Farmers National Company, and its successors and assigns, to electronically deposit any distributions of the Company in the account listed under option I if I is chosen by the applicant, or to otherwise mail a check for any distributions of the Company to the address provided in option I or II if either option I or II is chosen by the applicant. Farmers National Company, and its successors and assigns, will continue to rely on this information until notified otherwise by the applicant in writing.**

BROKER/DEALER REPRESENTATIONS AND WARRANTIES

TO BE COMPLETED BY SOLICITING BROKER/DEALER

(For Commission and Other Purposes)

Standards of suitability have been established by Emerald Royalty Fund, LLC (the "Fund") and fully disclosed in the section of the Memorandum entitled "Investor Suitability." The undersigned registered broker dealer hereby represents and warrants to the Fund and its affiliates that prior to recommending purchase of the Emerald Royalty Fund, the undersigned registered broker dealer and the registered representative named below had and continue to have reasonable grounds to believe, on the basis of information supplied by the Buyer concerning his or her investment objectives, other investments, financial situation and needs, and other pertinent information that: (i) the Buyer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act; (ii) the Buyer meets any additional standards established by the Fund; (iii) the Buyer has a net worth and income sufficient to sustain the risks inherent in an investment in the Emerald Royalty Fund, including loss of the entire investment and lack of liquidity; and (iv) the Emerald Royalty Fund is otherwise a suitable investment for the Buyer. The undersigned will maintain in its files documents disclosing the basis upon which the suitability of the Buyer was determined.

The undersigned further represents and warrants that the information set forth below is accurate and that the above subscription either does not involve a discretionary account or, if so, that the undersigned has made the Buyer aware, prior to subscribing for the Emerald Royalty Fund, of the risks entailed in investing in the Emerald Royalty Fund.

Name of Customer: _____ PPM#: _____

Broker/Dealer Firm Contact Information:

Broker/Dealer Firm Name: _____

Main Address of Broker/Dealer Firm: _____

E-mail Address: _____ Branch Phone Number: (____) _____

Due Diligence Representative Contact Information:

Name of Broker/Dealer Contact for Due Diligence: _____

Address of Due Diligence Contact: _____

E-mail Address: _____ Phone Number: (____)_____

Representative:

Registered Representative: _____

(Please Print)

_____

Registered Representative's BRANCH ADDRESS, City, State, Zip

CRD Number: _____ Social Security Number: _____

E-mail Address: _____ Phone Number: (____)_____

I hereby certify that I am registered in _____, the State of Sale.

_____ _____

Signature of Regsitered Representative Signature of Registered Principal*

_____ _____

Date Print Name

_____

Date

Contact Number: _____

*PAPERWORK WILL NOT BE ACCEPTED WITHOUT THE SIGNATURE OF A MANAGING MEMBER OF THE BROKER/DEALER FIRM.

ACCEPTANCE OF SUBSCRIPTION

EMERALD ROYALTY FUND, LLC hereby accepts the foregoing subscription as of the _____ day of _____, 2011.

Subscription Amount Accepted
☐ Check this box if entire Subscription Amount accepted
Other $_____

EMERALD ROYALTY FUND, LLC

By: Unity Resources, LLC
its Manager

Name: _____

Name/ Title: Mark Mersman - President

QUESTIONNAIRE

TO: Unity Resources, LLC
5600 Tennyson Parkway, Suite 115
Plano, Texas 75024

Re: EMERALD Royalty Fund, LLC
A Texas Limited Liability Company (the "Company")

Gentlemen:

I, the undersigned, hereby acknowledge receipt from Unity Resources, LLC ("Unity"), in its capacity as the Manager of the captioned Company of a Confidential Private Placement Memorandum, together with all exhibits thereto, relating to the units of limited liability company interests ("Units") in the Company.

As a condition to participating as a member, and knowing that you will rely upon the statements made herein in determining the suitability of the undersigned as a member in the Company:

(Initial the appropriate paragraph 1 below.)

_____ 1a. Please complete the following:

Primary Applicant Individual or Trust		**Co-Applicant Individual or Trustee**	
Name(First) Middle Last		Name(First) Middle Last	
Home Street Address(No P.O. Boxes)		Home Street Address(No P.O. Boxes)	
City, State & Zip		City, State & Zip	
Mailing Address (If different from above)		Mailing Address (If different from above)	
Home Phone Number Cell Phone Number	Business Phone Number	Home Phone Number	Business Phone Number
Email Address		Email Address	

Date of Birth(mm/dd/yyyy)	**Social Security No. (Tax ID)**	**Date of Birth(mm/dd/yyyy)**	**Social Security No. (Tax ID)**
Driver's License Number & State		**Driver's License Number & State**	
Country of Citizenship **□USA □Other_____**	**Country of Legal Residence** **□USA □Other_____**	**Countries of Citizenship** **□USA □Other_____**	**Country of Legal Residence** **□USA □Other_____**

Employment Status ☐Employed ☐Self-employed ☐Retired ☐Not employed			Employment Status ☐Employed ☐Self-employed ☐Retired ☐Not employed		
Employer	Industry	Occupation\Position	Employer	Industry	Occupation\Position
Employer\ Business Street Address			Employer\ Business Street Address		
Employer Business City, State & Zip			Employer Business City, State & Zip		
Are you employed by a registered securities broker\dealer, investment advisor, bank or other financial institution?			Are you employed by a registered securities broker\dealer, investment advisor, bank or other financial institution?		
Are you a director, 10% shareholder or policy-maker of a publicly traded company?			Are you a director, 10% shareholder or policy-maker of a publicly traded company?		
Marital Status ☐Single ☐Married ☐Divorced	Number of Dependents		Marital Status ☐Single ☐Married ☐Divorced	Number of Dependents	

_____ 1b. (If the undersigned is a business entity) The undersigned is a business entity incorporated or organized under the laws of the State of _____ and (if a partnership) all of its general partners are residents of the State(s) of _____. The undersigned was formed on _____, 20__ and is engaged in a regular business not solely related to the Company contemplated hereby.

2. If the undersigned decides to participate in the Company and his or her Subscription Agreement is accepted, the Units acquired by the undersigned will be acquired for the account of the undersigned only, and not for the account or benefit, in whole or in part, of any other person or business entity, and the undersigned has no present intention of selling or distributing the same or any part thereof. The undersigned understands that the Units may be sold only in accordance with the provisions contained in the Company Agreement (the "Agreement") of the Company and in the Subscription Agreement.

3. Any funds which may be tendered for participation in the Company will not represent funds borrowed by the undersigned from any person or lending institution except to the extent that the undersigned has a source of repaying such funds other than from the sale of the Units so subscribed. Such Units will not have been pledged or otherwise hypothecated for any such borrowing.

(Initial the appropriate paragraph 4 below and all applicable subparagraphs.)

_____ 4a. The undersigned meets the definition of an "accredited investor" for securities law purposes. An "accredited investor" as defined in Section 501(A) of Regulation D under the Securities Act of 1933, as amended (the "Act") means any person who comes within any of the following categories:

_____ (1) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 (excluding the value of the person's primary residence);

_____ (2) any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

_____ (3) any entity in which all of the equity owners are accredited investors;

_____ (4) any trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b)(2)(ii);

_____ (5) any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

_____ (6) any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of that Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

_____ (7) any private business development company as defined in section 202(a)(22) of Investment Advisers Act of 1940; and

_____ (8) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer.

_____ 4b. The undersigned intends to rely upon a "representative" who has such knowledge and experience as set forth in this paragraph 4b. His name, address, telephone number and qualifications are as follows:

Name: _____
Address: _____
_____
Telephone: ( ) _____
Licensed as: (check appropriate line)
_____ Attorney
_____ C.P.A.
_____ Investment Advisor
Other Qualifications: _____
_____

The undersigned is:

_____ (i) An individual whose net worth, individually or in addition to that of his or her spouse, at the present time, exceeds $1,000,000 (excluding the value of the undersigned's primary residence); or,

_____ (ii) An individual who has had individual income in each of the two most recent years in excess of $200,000 or joint income with his or her spouse in excess of $300,000 in each of those years and who reasonably expects the same income level in the present year; or,

_____ (iii) An entity, all of the equity owners of which are "accredited investors"; or,

_____ (iv) An entity who otherwise is an "accredited investor" within one of the categories set forth at (4), (5), (6), or (7) above. Please state which category, the exact nature of the entity and how it qualifies. **Please note that a Trust is not considered to be an entity.**

_____
_____
_____

_____
_____

_____ (v) An individual or entity which is a director, executive officer or general partner of the issuer, or a director, executive officer or general partner of the issuer's general partner.

5. My investment objective with respect to this Company is speculation. (Please complete the following).

5a. My investment experience is: ☐ None ☐ Limited ☐ Good ☐ Extensive

5b. Although my Investment Objective[1] with respect to this Company is speculation, my general Investment Objective is: ☐ Capital Preservation ☐ Income ☐ Growth ☐ Speculation

5c. Have you previously participated in other private placement investments? ☐ Yes ☐ No

5d. State the types of investments in which you have previously participated (e.g., real estate, oil and gas drilling and/or lease acquisition, stocks, bonds, equipment leasing, agriculture, or commodities and the form of ownership, such as direct ownership, limited partnerships, etc.):

Amount of Investment	Types of Investment
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

[1]***Investment Objectives:*** Participation in the Company is speculative. **Capital Preservation** seeks to protect initial capital by investments that minimize the potential for loss of principal. The long term risk of capital preservation is that returns may not keep pace with inflation. An **Income** objective seeks current income rather than long-term growth of principal. A **growth** objective seeks to increase the value of an investment over time with the risk of volatility. **Speculation** assumes a higher degree of risk of loss in anticipation of potentially higher than average returns.

Investment Strategy: Risk tolerance is a measure of willingness to accept investment risk in exchange for higher potential returns. Keeping in mind and acknowledging that participation in the Company is an aggressive and speculative investment strategy, please rank your general investment strategy from 1 through 3 with one being most important and three being least important to you.

_____**Aggressive**
You are willing to take higher than average risk in return for a higher than average profit potential and are most capable of tolerating volatility and uncertainty.

_____**Moderate**
You are willing to take greater risks than a conservative investor but you are not an aggressive investor.

_____**Conservative**
You are willing to accept potentially lower total returns to minimize investment risk and preserve capital.

6. The undersigned warrants and represents that notwithstanding his (her) age, financial position and general health that he (she) is capable of and has made an independent investment decision that participation in the Company is a suitable investment for him (her).

7. The undersigned will rely solely upon the Confidential Private Placement Memorandum and the independent investigations made by the undersigned or the undersigned's representative indicated in 4b above, in making the decision to participate in the Company. The undersigned has been advised that there has not been and is not now a public market for the Units and that there is little possibility that such a market will develop in the future. The

undersigned understands and realizes that the Units cannot be readily sold or liquidated in case of an emergency or other financial need and further that in any event, the transfer of the Units is restricted in such a manner so that any proposed sale could be significantly delayed since the sale of Units is subject to the first refusal of the other members. The undersigned hereby represents and warrants to the Company that sufficient liquid assets are otherwise available to the undersigned so that participation in the Company will cause no undue financial difficulties.

8. The undersigned is aware that Unity Resources, LLC (the Manager) and its Affiliates are and may in the future be engaged in businesses which are competitive with the business of the Company as described in the Confidential Private Placement Memorandum and agrees and consents to such activities, even though there are conflicts of interest inherent therein.

9. The undersigned understands that the Confidential Private Placement Memorandum and any other attachments to the Confidential Private Placement Memorandum are confidential, and represents and warrants that he or she will not reproduce or distribute same in whole or in part nor divulge any of their contents without the prior written consent of the Manager. The undersigned further represents that should he or she not be interested in pursuing further negotiations or participation in the Units referred to herein, he or she will promptly return the Confidential Private Placement Memorandum to the Manager.

10. The undersigned acknowledges and understands that upon his acceptance as a member he shall come into possession of confidential information which relates to the Company ("Confidential Information") including, but not limited to, specific information which relates to the individual members as well as the business of the Company. The undersigned agrees that he will keep the Confidential Information confidential and that no Confidential Information shall be disclosed or otherwise disseminated except when necessary for legitimate Company purposes. The undersigned acknowledges and agrees that in the event of any breach of this provision the Company would be irreparably and immediately harmed and could not be made whole by monetary damages. Accordingly, the undersigned agrees that in addition to any other remedy to which the Company may be entitled at law or in equity, the Company shall be entitled to an injunction (without posting of bond and without proof of actual damages) to prevent further breaches of this provision.

11. The undersigned warrants and represents that notwithstanding his age, financial position and general health, that he is capable of and has made an independent investment decision, that participation in the Company is a suitable investment for him.

12. The undersigned recognizes that the acceptance of his or her participation will be based upon his or her representations and warranties set forth herein above and the statements made by him or her herein or elsewhere in any document or instrument relating to the Company, and he or she hereby agrees to indemnify and defend the Manager and its Affiliates and the Company and to hold such firms and each officer, director, member, agent and attorney thereof harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or which they may incur by reason of, or in connection with, any misrepresentation made by him or her herein, any breach by the undersigned of his or her warranties and/or failure by him or her to fulfill any of his or her covenants or agreements set forth herein or arising out of his or her participation or acceptance in the Company in violation of state or federal laws.

EXECUTED this ____ day of _____, 2011.

_____

Applicant's Printed Name(s) for Ownership Record

_____

Applicant's Signature

_____

Co-Applicant's Printed Name(s) for Ownership Record

_____

Co-Applicant's Signature

DOCUMENT NO. 3

EXECUTION PAGE AND POWER OF ATTORNEY

COMPANY AGREEMENT

OF

EMERALD ROYALTY FUND, LLC
(A TEXAS LIMITED LIABILITY COMPANY)

The undersigned acknowledges that he or she has received a copy of the Company Agreement, the Confidential Private Placement Memorandum to which such Company Agreement is attached as an exhibit, each as amended and restated, and has read and understands same and the restrictions of the Company Agreement including, but not limited to the restrictions on transfer of members' interests in the Company (Units), all as set forth in the Company Agreement, and to the same extent and effect as if the undersigned executed the original of the Company Agreement.

In addition and by his or her execution hereof, the undersigned hereby constitutes and appoints Unity Resources, LLC, in its capacity as Manager of the captioned Company, and/or any duly authorized officer thereof with full power of substitution in the premises, as his true and lawful attorney-in-fact, for him and in his name, place and stead and for his use and benefit to attach this EXECUTION PAGE AND POWER OF ATTORNEY to the Company Agreement and to execute, acknowledge, swear to, certify, verify, deliver, record, file and publish as necessary:

(1) Any certificate, document or instrument as may be required, necessary or desirable under the laws of the State of Texas or the laws of any other state in which the captioned Company may be qualified, reformed or conducting business; and

(2) All instruments that reflect a change in the Company or change in, or amendment to this Agreement by a Vote of the members.

The undersigned further authorizes such attorney-in-fact to take any further action that such attorney-in-fact considers necessary or advisable in connection with any of the foregoing, hereby giving such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in and about the foregoing as fully and to the same extent as such investor member might or could do if personally present, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof; provided, that in no event may the Manager utilize this power of attorney to cast any vote or consent of the undersigned as to the matters with respect to which the members are entitled to Vote under the terms of this Agreement or by law.

The undersigned hereby agrees to be bound by any representations made by the Manager acting in good faith pursuant to such power of attorney; and hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Manager taken in good faith under such power of attorney.

The undersigned has and does hereby agree to execute any and all additional forms, documents or instruments as may be reasonably necessary or required by the Manager to evidence this power of attorney. This power of attorney shall be deemed coupled with an interest and shall survive the death or disability of the undersigned, or the assignment or transfer of the undersigned's interest in the Company, until the transferee(s) or assignee(s) shall become a substitute member as required by the Company Agreement, or shall have otherwise executed such instrument(s) as the Manager reasonably deems to be necessary to bind such transferee(s) or assignee(s) under the terms of the Company Agreement, as from time to time amended, and the terms of this power of attorney.

IN WITNESS WHEREOF, the undersigned has executed this EXECUTION PAGE AND POWER OF ATTORNEY as of the ____ day of _____, 2011.

MEMBER:

_____ 
Applicant's Signature

_____ 
Name Printed or Typed

_____ 
Business or Entity

_____ 
Co-Applicant's Printed Name(s) for Ownership Record

_____ 
Co-Applicant's Signature

EMERALD ROYALTY FUND, LLC

QUALITY CONTROL QUESTIONNAIRE

TO ENSURE QUALITY OF YOUR TRANSACTION, PLEASE COMPLETE THE FOLLOWING QUESTIONNAIRE, SIGN BELOW AND RETURN WITH YOUR FUNDS AND REQUIRED DOCUMENTS TO:

Unity Resources, LLC
5600 Tennyson Parkway, Suite 115
Plano, Texas 75024
Telephone: (972) 378-0261

o Yes	o No	(1)	Did your financial professional appear knowledgeable about the company?
o Yes	o No	(2)	Were all of your questions regarding this company answered timely and satisfactorily?
o Yes	o No	(3)	Did the information given to you by your financial professional conform to and clarify the written material you received?
o Yes	o No	(4)	Did you receive the Confidential Private Placement Memorandum?
o Yes	o No	(5)	Were all of your questions answered about the information contained in the Confidential Private Placement Memorandum?
o Yes	o No	(6)	Did your financial professional discuss the company, and your participation in it, in a professional manner?
o Yes	o No	(7)	Did your financial professional advise you that there are no guarantees regarding the future price of oil or gas, the amount of oil or gas which may be produced from any company property or the amount of return on your investment from this program?
o Yes	o No	(8)	Have you carefully reviewed the information you presented on the prior pages and made certain it is complete and accurate?

Please provide us with any additional comments in the space provided below:

_____

_____

_____

_____

_____ _____

Applicant's Signature Co-Applicant's Signature

_____ _____

Applicant's Name Printed or Typed Co-Applicant's Printed Name(s) for Ownership Record

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DOCUMENT NO. 5

FORM W-9

Form **W-9**
(Rev. October 2007)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type See **Specific Instructions** on page 2.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership
☐ Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶
☐ Other (see instructions) ▶

☐ Exempt payee

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here **Signature of U.S. person** ▶ **Date** ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),

2. The United States or any of its agencies or instrumentalities,

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or

5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,

7. A foreign central bank of issue,

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,

9. A futures commission merchant registered with the Commodity Futures Trading Commission,

10. A real estate investment trust,

11. An entity registered at all times during the tax year under the Investment Company Act of 1940,

12. A common trust fund operated by a bank under section 584(a),

13. A financial institution,

14. A middleman known in the investment community as a nominee or custodian, or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 7[2]

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting *www.irs.gov* or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: *A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner [3]
For this type of account:	**Give name and EIN of:**
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov.* You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: *spam@uce.gov* or contact them at *www.consumer.gov/idtheft* or 1-877-IDTHEFT(438-4338).

Visit the IRS website at *www.irs.gov* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

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