

COMMUNITY

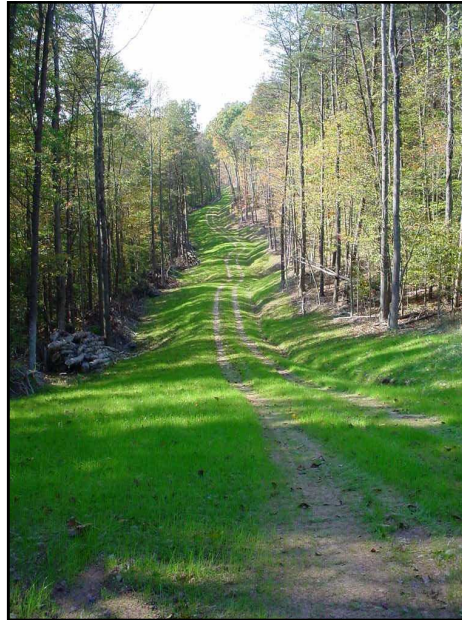
Reserve Oil & Gas, Inc. works closely with the communities in which we operate to improve our quality of life. We are involved in charitable activities, civic leadership, economic development, and other areas of community interest.

Just a few of the associations and activities that we support and sponsor includes:

- Roane County Senior Services
- Future Farmers of America (FFA)
- Spencer Black Walnut Festival
- 4-H
- Boy Scouts of America
- Girl Scouts of America
- Roane County Schools
- The Clay Center
- Spencer Tour De Lake Mountain Bike Race



CSi Rig #2 Drilling Reserve's Olian #3 in Kanawha County, WV in 2005



Reclaimed Access Road to Reserve's Olian #3 in Kanawha County, WV. Drilled in 2005.

Question?

If you have any other questions, you can write to us at the address below or email us at sfreshwater@reserveoilandgas.com. If you need to speak to Reserve, please call the number below and we will be put you in contact with Reserve's Land Department.



Reserve Oil & Gas, Inc.
929 Charleston Road
Spencer, WV

Phone: 304-927-5228

Fax: 304-927-5068

Website: www.reserveoilandgas.com

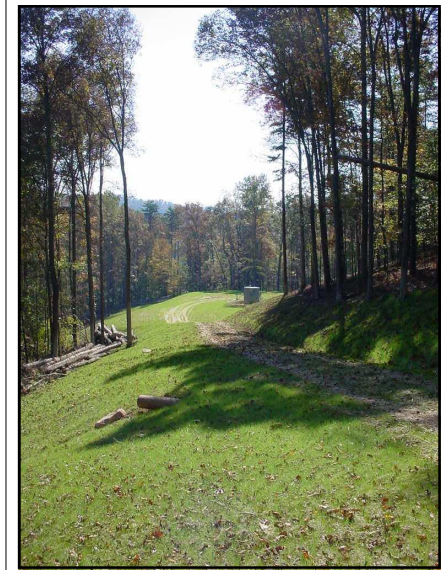


Reserve Oil & Gas
929 Charleston Road
Spencer, WV

SURFACE OWNER RELATIONS

Dear Surface Owner:

Reserve Oil & Gas, Inc. is contemplating drilling a new oil and gas well(s) on your surface tract. In order to address some of your concerns regarding this process and communicate with Surface Owners, we're providing you with additional information that you should find useful and may want to file for future reference. Additional and more detailed information on Reserve may be found by viewing our website at: www.reserveoilandgas.com



Reserve's Cleland #1, Barren Creek Production Field, Kanawha County, WV, Drilled in 2005

ABOUT **Reserve Oil & Gas, Inc.**

Reserve Oil & Gas, Inc. (Reserve) and/or its affiliated companies have been headquartered in Spencer, WV since 1970 and are involved in all facets of oil and gas exploration and production. Reserve identifies and leases favorable drilling prospects; procures and provides the capital required to drill the prospects; manages and oversees the drilling and completion of its wells in conjunction with its affiliated drilling and contracting company, *Contractor Services Inc. (CSI) of West Virginia (www.csiofww.com)*; and finally manages and operates the producing wells.

Reserve strictly adheres to a 'quality not quantity' approach to drilling new wells; has the capabilities and flexibility to react to new opportunities in a timely fashion, and, weather permitting, drills approximately 2 Devonian Shale wells per month. The company primarily focuses on drilling in its 'backyard' of Roane and surrounding counties.



Reserve's Snyder #1, Roane County, WV. Drilled in 2007. Typical Surface Equipment Configuration.

FREQUENTLY ASKED **QUESTIONS (FAQs)**

What gives Reserve the right to drill on my property?

Many years ago, the state of West Virginia severed (and taxed separately) the mineral ownership from the surface ownership. As such, it is not uncommon for the mineral owners to vary from the surface owners. Reserve has obtained oil and gas leases from the mineral owners underlying your tract; thereby, granting Reserve the right to extract oil and gas from underneath your surface tract.

What rights do I (the Surface Owner) have?

There are a number of federal and state regulations and guidelines in which Reserve must comply to protect the surface owner as well as human health and the environment. We advise that you procure a copy of the "Surface Owners' Guide to Oil & Gas" available from WV Legal Aid at (304) 343-4481 as well as the WV Oil & Gas Production Damages Compensation Act. If needed, you may also want to consider seeking legal counsel to advise you of your legal rights.

What are the general steps?

Prior to drilling, Reserve will visit your property to identify (or stake) potential well locations and welcome your input. Next, Reserve will return with a WVDEP Oil & Gas Inspector to approve the site and work plan. Upon issuance of a drilling permit, Reserve will coordinate location construction, drilling, and reclamation activities.

Can I stop Reserve from drilling?

Unless there is a valid reason (e.g., staked too close to your house), the answer is generally 'no'. Prior to field activities, you will receive a copy of the Drilling Permit Application and have fifteen (15) days to file your written comments and objections with the WVDEP. Reserve will then respond to any comments and WVDEP will decide to deny or issue the drilling permit. In Reserve's six years of drilling new wells, we have yet to have a drilling permit denied.

What do I get out of all this?

WV law requires that Reserve compensate you for all surface damages such as damages to your land and damages for market value of crops (e.g., timber). Upon completion of reclamation activities, you will receive an Oil & Gas Reclamation Notice which essentially starts a 2 year clock to settle damages.

What about the timber & tree stumps?

As the well location is cleared, we will cut the timber and place it in an easily accessible pile. You may then immediately begin marketing the sale of your timber. The stumps and branches are placed down-gradient of the location for use as an erosion and sediment barrier. We are not permitted to bury the stumps.

Will you do a few small jobs for me?

Because of confusion generated in the past, Reserve's contractors have been instructed to complete all work solely in accordance with WVDEP guidelines. Any extra work requires a written request from the Surface Owner and approval of Reserve management. However, we do routinely complete extra work in lieu of damages compensation.

What about my water?

Prior to drilling and as a baseline, Reserve is required to sample and analyze all water sources within 1,000 feet of the proposed well. WV regulations also require the installation of a groundwater protection string of casing which is cemented in place. Furthermore, Reserve's wells are generally drilled using high pressure air from top to bottom. However, should there be a problem directly linked to Reserve's activities, you have the right to legal remedy.

Can I have free gas?

Prior to drilling, we have a legal title opinion completed on the tract to determine if there are any free gas reservations. If so, you will be entitled to free gas.

Will you install gates?

Yes, since after completion of field work we will periodically (~ 2 times per month for a gas well) be visiting the well for general maintenance, we install gates as required.

Who owns Reserve and CSI?

Both companies are privately held and owned by David A. Freshwater and J. Scott Freshwater. The Owners are also the largest capital contributors to each and every Reserve well drilled.

What does CSI do exactly?

CSI is Reserve's primary contractor. CSI builds Reserve's well locations, drills Reserve's wells, trucks in the required materials, constructs the pipeline systems and finally, reclaims the well location. When required, CSI also mobilizes its well servicing rigs to timely address well production concerns. In other words, you are not only dealing with the potential well operator, you are also dealing directly with the people who will be completing the field work.

Who do I contact with problems?

You may contact Reserve's designated Land Agent.