

Treaty Energy

August 25, 2011

From: Steve York

To: Andy Reid

Re: Texas Acquisition

Andy,

On behalf of Treaty Energy, I have contracted for the purchase of 2 new leases; the Mach H. Wooldridge and Eula E. Wooldridge located in Shackelford County, Texas. The current owner is restoring the lease to full operational status and fixing all mechanical problems as we speak. The production for the wells on both leases should yield 4 barrels per day.

The real upside is that both leases combined total 280 acres. There is room for many additional new wells to be drilled. For a lease this size, I have gathered a significant amount of data and material that normally would not exist. I have the original logs of the 5 wells that were originally drilled on these 2 leases. In addition a family member who worked for XTO, pre Exxon purchase, had made a Geological tract map of the available virgin acreage. The map identifies 12 infield (well sites inside the perimeter of existing drilled wells) drilling sites or PUDS as commonly called in the industry.

This represents a golden opportunity for Treaty Energy to increase our production, and our reserves. These shallow wells are easy drilling and with the advent of new gel fracking methods the production is increased and will last longer than traditional style wells. Since these wells are 500-700' deep, Treaty can drill, complete, and operate in-house and forge ahead toward our company goals of 1000 barrels per day in the next 10 months.

I have attached the Geological PUD map.

Steve