

#10.

COPY

**RELEASE OF ALL CLAIMS AND INDEMNITY**

Know all persons by these presents that WE, POLK COUNTY, for and in consideration of TEN THOUSAND dollars and NO/100 (\$10,000.00), paid to US by ADMIRAL INSURANCE COMPANY, the receipt of which sum is hereby acknowledged and confessed, have released and forever discharge MERRITT OPERATING, INC., ADMIRAL INSURANCE COMPANY, AND THEIR RESPECTIVE AGENTS, SERVANTS, OFFICERS, EMPLOYEES, REPRESENTATIVES AND ANY OTHER PERSON WHATSOEVER from any claims, causes of action, or other rights of recovery arising out of any type of damage or injury on account of an occurrence(s) on or about the 6th day of May, 2007, at the Kavanaugh & Collins Lease, RRC# 13966 Well No 3A, Livingston Field, Polk County, Texas including indemnity expenses, property damage, repair costs, loss of use, attorney fees, emergency service charges and any other damage, cost or expense whether known or unknown whatsoever in law or in equity, on account of any activity arising out of the above occurrence.

It is further understood and agreed that this settlement is the compromise of a matter of questionable liability or damages resulting from an occurrence outside of the control of the release parties, and that the payment is not to be construed as an admission of liability on the part of ADMIRAL INSURANCE COMPANY OR MERRITT OPERATING COMPANY, by whom liability is expressly denied.

This release contains ENTIRE AGREEMENT between the parties hereto, and the terms of this release are contractual and not a mere recital.

**RELEASE FOR POLK COUNTY IN ALL CAPACITIES**

John P. Thompson, County Judge  
Name John P. Thompson Date 3/11/08

BEFORE ME, the undersigned authority, on this day personally appeared the above signatories, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 11th day of

March, 2008

Jean Shandley  
Notary Public in and for  
the State of TEXAS

Commission Expires: 9/3/08

