



DPA/SIPES



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Division of Professional Affairs
of the American Association
of Petroleum Geologists and
Society of Independent
Professional Earth Scientists

CONFIDENTIALITY AGREEMENT

This Agreement is between _____ (“Offeror”) and _____ (“Receiver”) and sets forth the terms for the presentation to Receiver of an oil and gas exploration prospect (the “Prospect”) which will provide Receiver with the opportunity to evaluate the Prospect and to acquire an oil and gas interest (including - but not limited to - drilling or leasing, royalty, and purchase of producing properties) in the Prospect lands on the basis of mutually acceptable compensation to the Offeror. The Prospect is located in the geographical area set forth below and in Exhibit “A”, if attached hereto. Since the Prospect, the Prospect information and the geographical area related to the Prospect is secret, proprietary and confidential information developed by Offeror over time and at great expense, Receiver, as consideration for the opportunity to evaluate the Prospect, agrees to the following:

1. **The Geographical Area.** As used in the Agreement, the geographical area on which the Prospect is located (“Geographical Area”) is agreed to mean the following:

EXHIBIT “A” IS/IS NOT ATTACHED HERETO.

2. **Propriety and Confidential Information.** The term “Propriety and Confidential Information” (“PCI”) as used in this Agreement is agreed to mean all oral disclosures and information, data and knowledge contained in the documents (whether geological, geophysical, economic, financial or management and whether in the form of maps, charts, logs, seismographs, interpretations, calculations, summaries, opinions or other written or charted means) which are related, directly or indirectly, to the Prospect or to the exploration potential of the Geographical Area, and which are now or hereafter delivered or disclosed by or on behalf of the Offeror to the Receiver. However, the PCI shall not include information to the extent it (a) is now or subsequently becomes part of the public domain through no acts or omissions attributable to Receiver or (b) as shown by Receiver’s written records, was rightfully in Receiver’s possession prior to disclosure by the Offeror. The Receiver acknowledges that Offeror intends to maintain the confidential, proprietary and secret nature of the PCI.

3. **Restrictions on Receiver’s Future Activities.** For the period of _____ (_____) year(s) after the date on which Receiver has signed this Agreement, Receiver agrees:

(a) To keep the PCI secret and not to disclose the PCI to any entity or person except to Receiver’s employees or consultants necessary to evaluate the Prospect, unless specific written authorization is received from the Offeror;

(b) To use the PCI solely for the purpose of evaluating the Prospect and not to use the PCI for Receiver’s financial advantage without compensation to the Offeror;

(c) Not to purchase or acquire in any manner, directly or indirectly, any oil or gas ownership, leasehold, royalty or other interest within the Geographical Area unless it shall be deemed by such action or otherwise that Receiver has accepted the terms of the Offeror in conjunction with the presentation of the Prospect;

(d) Not to reproduce or make any copies of any of the PCI unless specific written authorization is received from the Offeror except copies used in conjunction with the evaluation of the PCI; and

(e) Immediately at the request of the Offeror or within fifteen (15) days of Receiver’s rejection of the Prospect, to return to the Offeror all PCI which has been delivered or disclosed to Receiver and to destroy all other related documents (except a copy of this Agreement) including, without limitation, all documents, memoranda, notes, interpretations, data, copies and other written material prepared by Receiver or others utilizing any PCI or in evaluating the Prospect certifying to the Offeror in writing that Receiver has destroyed all such documents.

4. **Remedies for Breach of the Agreement by Receiver.** Receiver agrees that if this Agreement is breached by Receiver the remedy at law may be inadequate and therefore an injunction, specific performance or other forms of equitable relief or money damages or any combination thereof shall be available. All rights, powers and remedies provided for herein are cumulative, and not exclusive, of any and all rights, powers and remedies at law or in equity as may now or hereafter exist. However, and notwithstanding the foregoing, Offeror and Receiver agree that if Receiver shall breach paragraph 3(c) of this Agreement, the remedy shall be only as stated therein, namely, acceptance of terms. The Offeror shall be entitled to recover the cost and expenses incurred in enforcing this Agreement including any attorney's fees.

5. **Binding Effect on Receiver and Others.** This Agreement entered into by Receiver shall be binding on Receiver and Receiver's officers, directors, employees, agents, attorneys, accountants and representatives. Receiver agrees to inform all such persons and entities of this Agreement and to be liable to the Offeror for the acts of such persons and entities if this Agreement is breached by any one of them. If any part of this Agreement is declared void or unenforceable, the Receiver agrees to be bound by the remaining part of this Agreement.

6. **Miscellaneous.** The following are also agreed to by Offeror and Receiver:

(a) THIS AGREEMENT AND THE RELATIONSHIP THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF _____ WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISION;

(b) The Prospect is offered subject to prior sale; and

(c) This Agreement is not intended to and does not create a partnership, joint venture or any other business combination between Receiver and Offeror.

Addenda: _____

AGREED TO AND ACCEPTED:

_____ Title: _____

By: _____ Date: _____