



*Frenchtown Acres, LLC*

January 25, 2012

Re: Frenchtown #2-H Well Production

Dear Frenchtown #2-H Royalty Owner,

During the last days of November, the Frenchtown #2-H well ceased to displace fluid, which prevents gas flow. The first action taken to remedy this was to alternately vent and shut in the well to bring the fluid up. Next we tried rocking the well by connecting the tubing to the casing via an external hose to pressurize the tubing.

We then called a swab rig to the site which brought up considerable fluid. However, the well would not maintain gas flow and after several days we elected to stop swabbing due to the imbalance of sand in the water flow, which would have potentially damaged the swab cups by getting them trapped down the hole. We then brought in about 300 barrels of water and pumped it down the casing to try and flush all the sand out. We only recovered about 10 barrels of water, which indicates that most of it went into the perforations in the formation.

Finally, we made the decision to use a compressor to pressurize the casing and push the fluid up the tubing. We are in the process of procuring the compressor and should have it set and operational in the next few days. The well is currently and had been down for most of the month of December. Our expectations are that the compressor will solve the problem and bring the well back on line.

As always, we thank you for your business and you may contact us with any questions you may have and we will keep you updated on further developments.

Highest Regards,

*Management*

Frenchtown Acres, LLC