

CANNABIS SCIENCE, INC.

FORM 8-K

(Current report filing)

Filed 06/18/08 for the Period Ending 06/17/08

Address	6946 N ACADEMY BLVD., SUITE B # 254 COLORADO SPRINGS, CO 80918
Telephone	1-888-889-0888
CIK	0001024626
Symbol	CBIS
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)

of the

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 6, 2008

Gulf Onshore, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

01-28911

(Commission File Number)

91-1869677

(IRS Employer Identification Number)

4310 Wiley Post Rd., Ste. 201, Addison, Texas 75001

Address of principal executive offices)

972-450-5995

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets.

Acquisition of Oil, Gas and Mineral Leases

On June 6, 2008, Gulf Onshore, Inc. (the "Company"), entered into an Asset Purchase Agreement (the "Agreement") with K&D

Equity Investments, Inc., a Texas corporation (“K&D”). On June 10, 2008, the Company closed the Agreement and acquired, through its wholly-owned subsidiary, Curado Energy Resources, Inc., interests in ten (10) oil, gas and mineral leases (the “Leases”) located in Throckmorton Co. and Shackleford Co., Texas, Net Revenue Interests (N.R.I.) in these leases, including wells already producing on the Leases, range from 75% to 84.76%. The transaction was closed on June 10, 2008, with an effective date for purposes of Texas Railroad Commission reporting and oil and gas revenue receipts, effective June 1, 2008.

Gulf has paid K&D 10,000,000 shares of its \$.001 par value common stock for the Leases. K&D is currently the owner of 500,000 shares of the Company’s common stock, and its president, Jeffrey Joyce, is an officer of the Company. K&D now owns approximately 88% of the Company’s issued and outstanding shares.

The Company closed the Agreement upon completion of lease assignment transfers but prior to delivery of a Fair Value/Reserve Report prepared by a qualified reservoir engineer in accordance with SEC Regulation S-X Part 210.4-10(a). The Company has been advised that completion of the SEC-compliant report will take up to 60 days, and determined to rely on the preliminary report referenced in its June 3, 2008, press release. There are no contingencies, re-sets or claw-backs due to the delay in obtaining the report; the transaction is closed.

The Company expects to have the Fair Value/Reserve Report completed so as to file it with its next Form 10-QSB in mid-August 2008. In the interim, shareholders and prospective shareholders should note that the preliminary report is not SEC-compliant and any assumptions and conclusions therein, while deemed reliable by management, are subject to adjustments.

A copy of the Agreement with exhibits is attached hereto.

Acquisition of Lease Operator

On June 6, 2008, the Company entered into a Stock Purchase Agreement (“SPA”) with South Beach Live, Inc., a Florida corporation, to purchase 100% of the common shares of Curado Energy Resources, Inc., a Texas corporation (“Curado”). The transaction was closed on June 10, 2008, simultaneous with Curado’s acquisition of the Leases from K&D. Curado is registered with the Texas Railroad Commission as an oil and gas well operator, and is the operator for the Leases. The Company has issued South Beach a convertible promissory note for \$250,000, payable in 1 year at 10% interest.

A copy of the SPA and Promissory Note is attached hereto.

Item 3.02 Unregistered Sales of Equity Securities.

As referenced above, the Company acquired approximately 3,200 acres of oil, gas and mineral leases from K&D in exchange for 10,000,000 shares of newly-issued \$.001 par value common stock.

On June 13, 2008, the Company issued 500,000 shares of its \$.001 par value common stock to South Beach Live, Inc., a Florida corporation, pursuant to the terms of an October 4, 2007, Promissory Note. Under the terms of the Note, the Company was released from \$50,000 of the principal obligation under the Note in exchange for issuance of these shares. Provisions of the Note are fully disclosed in the Company’s Form 10-KSB, filed on April 10, 2008.

Item 5.01 Changes in Control of Registrant.

As noted above, the Company issued 10,000,000 shares of its \$.001 par value common stock to K&D in exchange for the Leases acquired through Curado; K&D’s president, Jeffrey Joyce, is an officer of the Company. As a result of this transaction, K&D owns 10,500,000 shares of the Company’s common stock, comprising approximately 88% of the 11,327,261 total shares recorded as issued and outstanding. There are no arrangements regarding K&D’s ownership subject to reporting under Regulation S-B Item 403(c).

Item 8.01 Other Events

On June 3, 2008, the Company issued a press release concerning its acquisition of the Leases. A copy of the press release is attached as an exhibit hereto.

The Company has moved its offices. The new address is 4310 Wiley Post Rd., Ste. 201, Addison, TX 75001.

Item 9.01 Financial Statements and Exhibits

The Company expects to file financial statements reflecting the Curado acquisition with its 2Q Form 10-SB, and in no event later than 71 days from the date of this initial report.

Exhibits

10.1 Material Contract (Asset Acquisition Agreement with exhibits)

10.2/21 Material Contract/Subsidiary (Security Purchase Agreement with Promissory Note)

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

June 15, 2008

Gulf Onshore, Inc.

/s/ Dean Elliot

Dean Elliot, Vice-President



ASSET ACQUISITION AGREEMENT

This Asset Acquisition Agreement (the “**Agreement**”) is effective this 6th day of June 2008, by and between Gulf Onshore, Inc., a Nevada corporation whose address is 15851 Dallas Parkway, Suite 190, Addison Texas 75001 (the “**Purchaser**”) and K&D Equity Investments, Inc., a Texas corporation, whose address is the same (the “**Seller**”). Seller and Purchaser are sometimes together referred to herein as the “**Parties**”.

- a. **Whereas**, Seller owns or is the assignor of certain oil and gas leasehold interests located in Throckmorton and Shackelford Counties, Texas (the “**Leases**”) and related production assets more fully described on the exhibits hereto. Legal descriptions are set out in Exhibit “A” attached hereto.
- b. **Whereas**, Seller desires to sell and Purchaser desires to acquire these interests and related assets on the terms and conditions hereinafter provided.
- c. **Whereas**, Purchaser is currently under contract to purchase 100% of the issued and outstanding stock of Curado Energy Resources, Inc., a Texas corporation that serves as the operator of the Leases. The purchase of this stock is a condition to the performance of Purchaser on this agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, Seller and Purchaser hereby agree as follows:

ARTICLE 1 – DEFINITIONS

1.1 “**Agreement**” shall mean this Asset Acquisition, as amended from time to time, between Seller and Purchaser.

1.2 “**Arbitration Procedure**” shall refer to the process for resolution of disputes between the Parties after good faith negotiations have failed. All such disputes between the Parties shall be submitted to a binding arbitration in accordance with the rules of the American Arbitration Association. Each Party shall select one arbitrator, and the two arbitrators selected shall choose a third arbitrator. If either Party fails to select an arbitrator within ten (10) days of its receipt of a written request for arbitration from the other Party or if the two selected arbitrators fail to select a third arbitrator within fifteen (15) days following the latter’s selection, the American Arbitration Association shall make a selection; provided, however, that the third arbitrator so selected shall have a minimum of ten (10) years working experience in the oil and gas industry. Judgment upon the award of the arbitration panel may be entered in any court of competent jurisdiction. Each Party shall bear its own cost of arbitration.

1.3 “**Assets**” shall mean the following described assets and properties (except to the extent constituting Excluded Assets):

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- a. the Leases; and
- b. the Personal Property and Incidental Rights.

1.4 “**Environmental Obligations or Liabilities**” shall mean all liabilities, obligations, expenses (including, without limitation, all attorneys’ fees), fines, penalties, costs, claims, suits or damages (including natural resource damages) of any nature, including personal injury, illness, disease, or wrongful death, associated with the Assets and attributable to or resulting from: (i) pollution or contamination of soil, groundwater or air, on the Assets and any other contamination of or adverse effect upon the environment; (ii) underground injection activities and waste disposal onsite; (iii) clean-up responses, remedial, control or compliance costs, including the required cleanup or remediation of spills, pits, ponds or lagoons, including any subsurface or surface pollution caused by such spills, pits, ponds or lagoons; (iv) noncompliance with applicable land use, permitting, surface disturbance, licensing or notification requirements; and (v) violations of any federal, state or local environmental or land use law.

1.5 “**Leases**” shall mean, except to the extent constituting Excluded Assets, any and all interests owned by Seller and set forth on Exhibit “A” along with any changes thereto, to this Agreement following its execution by mutual agreement of the Parties), or which Seller is entitled to receive by reason of any participation, joint venture, farm-in, farm-out, Joint Operating Agreement or other agreement, in and to the oil, gas and/or mineral leases, permits, licenses concessions, leasehold estates, royalty interests, overriding interests, net revenue interests, executory interests, net profit interests, working interests, reversionary interests, fee and term mineral interests, and any other interests of Seller in Hydrocarbons, it being the intent hereof that the legal descriptions and depth limitations set forth in Exhibit “A” shall not be deemed to restrict the interests assigned to the extent that such interests are incorrect or incompletely described, and conversely, that the term “Leases” includes all of Seller’s right, title, and interest in the interests described in Exhibit “A” even though such interests may be incorrectly described.

1.6 “**Personal Property and Incidental Rights**” shall mean all right, title and interest of Seller in and to or derived from the following insofar as the same do not constitute Excluded Assets and are assignable and are attributable to, appurtenant to, incidental to, or used for the operation of the Leases:

a.all surface leases, surface contracts, easements, rights-of-way, permits, licenses, servitudes or other interest, including, but not limited to, those specifically described in Exhibit "A".

b.all equipment and other personal property, inventory, spare parts, tools, fixtures, pipelines, tank batteries, appurtenances, and improvements situated upon the Leases and used or held for use in connection with the development or operation of the Leases or the production, treatment, storage, compression, processing or transportation of Hydrocarbons from or in the Leases;

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c.all contracts, agreements, suspense accounts and title instruments to the extent attributable to and affecting the Assets in existence at Closing, including all Hydrocarbon sales, purchase, gathering, transportation, treating, marketing, exchange, processing and fractionating contracts, joint operating agreements and division orders; and

d.originals of all lease files, land files, well files, production records, division order files, abstracts, title opinions and contract files, insofar as the same are directly related to the Leases; including, without limitation, all seismic, geological, geochemical and geophysical information and data, to the extent that such data is not subject to any third party restrictions.

ARTICLE 2 – AGREEMENT TO PURCHASE AND SELL

Subject to the terms and conditions of this Agreement, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase and pay for the Assets.

ARTICLE 3 – PURCHASE PRICE AND PAYMENT

Subject to adjustment as set forth below, the purchase price for the Assets shall be 10,000,000 shares of the Purchaser's .0001 par value common stock.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES

4.1 Seller's Representations and Warranties. Seller represents and warrants to Purchaser as follows:

- a. **Seller's Organization** . Seller has been duly organized and is validly existing and in good standing under the laws of the State of Texas, and is qualified to do business in all jurisdictions where the nature of the Assets or its business so requires such qualification.
- b. **Seller's Authority** . Seller has the power and authority to enter into and perform the Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance by Seller of the Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action and the Agreement has been duly executed and delivered by Seller. This authority shall include express acknowledgements that Seller's board of directors has approved this transaction, and that the board will provide, prior to close, signed board resolutions approving this transaction. Furthermore, Seller expressly acknowledges that Seller has not relied on any written or oral representations by Purchaser or purchaser's agents regarding any provision of this Agreement, or any implied or express written or oral representation.

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c. **Enforceability Against Seller** . This Agreement constitutes the legal and binding obligation of Seller, enforceable according to its terms. The execution and delivery hereof by Seller does not, and the fulfillment and compliance with the terms and conditions hereof, will not result in the creation of imposition of any lien, charge or other encumbrance on the Assets.

d. **Seller's Title to Assets** . To the best of Seller's knowledge, Seller has Defensible Title to the Assets, free and clear of all liens, encumbrances, burdens, claims and defects of title of any kind. Seller approves the title to the leases which are

being acquired. Seller is buying the leases in their **AS IS** condition.

- e. **Effective Leases.** To the best of Seller's knowledge, the Leases are in full force and effect, are valid and subsisting, and collectively cover the entire oil and gas mineral estates in the lands covered by the Leases.
- f. **Absence of Default.** To the best of Seller's knowledge, Seller is not in default under any material contract or agreement pertaining to the Assets.
- g. **Lease Maintenance.** To the best of Seller's knowledge, all royalties, rentals and other payments due under the Leases have been properly and timely paid, and all conditions necessary to keep the Leases in force have been fully performed.
- h. **Pending Contract :** This contract is pending the successful completion of the purchase of 100% of the Stock of Curado Energy Resources, Inc., on or before July 7, 2008.
- i. **Third Party Consents.** To the best of Seller's knowledge, Seller has all right, power and authority to sell and convey the Assets to Purchaser, without obtaining the consent of any third party or parties, with exception of item (h) above and without necessity of offering the Assets to any third party who holds a preferential right to purchase the same.

4.2 **Purchaser's Representations and Warranties.** Purchaser represents and warrants to Seller as follows:

- a. **Purchaser's Organization.** Purchaser has been duly organized and is validly existing and in good standing under the laws of the State of Nevada, and is qualified to do business in all jurisdictions where the nature of the Assets or its business so requires such qualification.
- b. **Purchaser's Authority.** Purchaser has the power and authority to enter into and perform the Agreement and to consummate the transactions contemplated hereby

ARTICLE 5 – COVENANTS

5.1 Seller's Covenants. Seller covenants and agrees with Purchaser as follows:

- a. **Exclusive Dealing** . From and after the date of this Agreement until Closing, except (i) as otherwise consented to by Purchaser in writing; (ii) in connection with the communications required to comply with preferential rights to purchase; or (iii) the termination of deadlines with other parties with whom Seller had previously communicated regarding the purchase of the Assets, Seller shall not either directly or indirectly through a representative (i) provide information to any person or representative of such person, which would assist such person in evaluating the prospects of purchasing the Assets; (ii) initiate, encourage, solicit or respond to inquiries, offers, proposals, bids or other investigations by any person to acquire all or any of the Assets (other than to indicate that the Assets are under contract for sale); (iii) enter into or agree to enter into any transaction, the result of which would interfere, hinder, delay or materially change the effect the transaction contemplated by this Agreement; or (iv) negotiate with any person with respect to such transaction.
- b. **Maintenance of Assets**. Between the Effective Time and the Closing, Seller will (i) act as a reasonably prudent operator to cause the Assets to be produced, operated and maintained in a good workmanlike manner consistent with prior practices and in such manner as to continue the Leases in effect according to their terms; (ii) not abandon any of the Assets; (iii) maintain insurance now in force with respect to the Assets; (iv) will pay or cause to be paid all costs and expenses in connection therewith; and (v) perform and comply with all covenants and conditions contained in any of the Leases and all agreements relating to the Assets. Without Purchaser's written consent, Seller will not conduct or authorize any operation requiring approval by working interest owners under applicable operating agreements or requiring an expenditure of fifteen thousand dollars (\$15,000.00) or more (for the 100% interest) for any single project, except in case of emergency.
- c. **Modification of Property Agreements** . Without Purchaser's prior written consent, except as may occur in the ordinary course of Seller's business in accordance with its past practices, Seller shall not (i) enter into any new agreements or commitments with respect to the Assets; (ii) will not modify or settle any dispute arising out of any agreement relating to the assets; and (iii) will not encumber, sell, transfer, assign, convey, farm-out or otherwise dispose of any of the Assets, other than personal property which is replaced by substantially equivalent property or consumed in the operation of the Assets.
- d. **Legal Compliance**. Until the Closing, Seller shall comply with all laws, rules, regulations, ordinances and orders of all local, state and federal governmental bodies, authorities, agencies and tribunals having jurisdiction over the Assets.

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- e. **Warranty Maintenance** . Seller shall use its best efforts to cause all the representations and warranties of Seller contained in this Agreement to be true and correct on and as of the Closing Date. To the extent the conditions precedent to the obligations of Purchaser are within the control of Seller, Seller shall use its best efforts to cause such conditions to be satisfied on or prior to the Closing Date and, to the extent the conditions precedent to the obligations of Purchaser are not within the control of Seller, Seller shall use its best efforts to cause such conditions to be satisfied on or prior to the Closing Date.
- f. **Notification of Breach** . Seller shall promptly notify Purchaser (i) if any representation or warranty of Seller contained in this Agreement is discovered to be or becomes untrue or (ii) if Seller fails to perform or comply with any covenant or agreement contained in this Agreement or it is reasonably anticipated that Seller will be unable to perform or comply with any covenant or agreement contained in this Agreement.

5.2 Purchaser's Covenants. Purchaser covenants and agrees with Seller as follows:

- a. **Warranty Maintenance** . Purchaser shall use its best efforts to cause all the representations and warranties of Purchaser contained in this Agreement to be true and correct on and as of the Closing Date. To the extent the conditions precedent to the obligations of Seller are within the control of Purchaser, Purchaser shall use its best efforts to cause such conditions to be satisfied on or prior to the Closing Date and, to the extent the conditions precedent to the obligations of Seller are not within the control of Purchaser, Purchaser shall use its best efforts to cause such conditions to be satisfied on or prior to the Closing Date.

ARTICLE 6 – ACCESS TO INFORMATION AND INSPECTIONS

6.1 **Title Files**. Promptly after the execution of this Agreement and until the earlier of five business days before closing, or July 1, 2008, whichever is earlier, Seller shall permit Purchaser and its representatives at reasonable times during normal business hours to examine and, at Purchaser's expense, make such copies of, in Seller's office at their actual location, all abstracts of title, title opinions, title files, ownership maps, lease files, assignments, division orders, payout statements and agreements pertaining to the Assets as requested by Purchaser, insofar as the same may now be in existence and in the possession of Seller.

6.2 **Other Files.** Promptly after the execution of this Agreement and until the earlier of five business days before closing, or July 1, 2008, Seller shall permit Purchaser and its representatives at reasonable times during normal business hours to examine and, at Purchaser's expense, make such copies of, in Seller's offices at their actual location, all production, well, regulatory, engineering, land, legal, accounting, seismic, geological, geophysical information, and other information, files, books, records and data pertaining to the Assets as requested by

Purchaser, insofar as the same may now be in existence and in the possession of Seller, excepting economic evaluations, reserve reports and any such information that is subject to the attorney/client and work product privileges. No warranty of any kind is made by Seller as to the information so supplied, and Purchaser agrees that any conclusions drawn therefrom are the result of its own independent review and judgment.

6.3 **Inspections.** Promptly after the execution of this Agreement and until July 1, 2008, Seller, subject to any necessary third party operator approval, shall permit Purchaser and its representatives at reasonable times and at their sole risk, cost and expense, to conduct reasonable on-site inspections of the Assets.

ARTICLE 7 – ENVIRONMENTAL MATTERS, ADJUSTMENTS AND TERMINATION

7.1 **Site Inspections.** Upon execution of and pursuant to the terms of this Agreement, Purchaser shall have the right, at reasonable times during normal business hours, to conduct its investigation into the status of the physical and environmental condition of the Assets.

ARTICLE 8 – TITLE DEFECTS, TERMINATION AND ADJUSTMENTS

8.1 **Definitions.** For purposes hereof, the terms set forth below shall have the meanings assigned thereto:

- a. “ **Defensible Title** ”, subject to and except for the Permitted Encumbrances (as hereinafter defined), means that Seller has such title that (i) entitles Seller to receive not less than the net revenue interest shown on Exhibit “B” of all oil and gas produced, saved and marketed from or attributable to the well or unit indicates; (ii) obligates Seller to bear the costs and expenses relating to the maintenance, development and operation of such well or unit in an amount not greater than the expense interest of Seller set forth in Exhibit “B” (unless Seller's net revenue interest therein is proportionately increase); and (iii) the Assets are free and clear of any liens, burdens or encumbrances of any kind or character.
- b. “ **Title Defect** ” shall mean any matter that causes Seller to have less than Defensible Title to any of the Assets as of the Closing Date. Absent waiver or modification of this Agreement in writing by Purchaser, all title defects will be removed on or before July 7, 2008, and the leases will be acquired in their **AS IS** condition.
- c. “ **Title Defect Property** ” shall mean any Lease or portion thereof burdened by a Title Defect.
- d. “ **Permitted Encumbrances** ” shall mean any of the following matters:

- i. tax liens and mechanics' liens for amounts not yet due and payable.
- ii. any liens or security interests created by law or reserved with respect to the Assets for royalty, bonus, rental, other payment obligations or created to secure compliance with the terms of the leases.
- iii. any valid, subsisting and applicable laws, rules and orders of governmental authority.

8.2 **Notice of Title Defects.** On or prior to 5:00 p.m. on the July 1, 2008, Purchaser may provide Seller with written notice of any Title Defect Properties along with a description of those matters that, in Purchaser's reasonable opinion, constitute Title Defects and setting forth in detail Purchaser's calculation of the Title Defect Value for each Title Defect. Seller shall correct, at its sole cost and expense, all or any portion of such Title Defects. The obtaining of clear title is a condition of the close of the transaction unless agreed to otherwise by the Parties in

writing, in which case Purchaser shall receive an offset to the Purchase Price for any and all defects which exist.

8.3 **Title Warranty Limitation.** SELLER CONVEYS ITS INTEREST IN AND TO THE ASSETS TO PURCHASER SUBJECT TO ALL ROYALTIES, OVERRIDING ROYALTIES, BURDENS AND ENCUMBRANCES, ABSENT ANY MANNER OF WARRANTY. TITLE SHALL BE CONVEYED IN "AS IS" CONDITION.

ARTICLE 9 – CLOSING CONDITIONS

9.1 **Seller's Closing Conditions.** The obligations of Seller under this Agreement are subject, at the option of Seller, to the satisfaction, at or prior to the Closing, of the following conditions:

- a. all necessary consents of and filing with any state or federal governmental authority or agency relating to the consummation of the transactions contemplated by this Agreement shall have been obtained, accomplished or waived, except to the extent that such consents and filings are normally obtained, accomplished or waived after Closing;
- b. as of the Closing Date, no suit, action or other proceeding (excluding any such matter initiate by Seller) shall be pending or threatened before any court or governmental agency seeking to restrain Seller or prohibit the Closing or seeking damages against Seller as a result of the consummation of this Agreement;
- c. as of the Closing Date, all of Purchaser's representations and warranties shall be true; and
- d. as of the Closing Date, Purchaser shall have fulfilled all of the terms, conditions precedent and covenants imposed under the terms of this Agreement.
- e. Seller must obtain title to 100% of the issued and outstanding shares of Curado Energy Resources, Inc., a Texas corporation.

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9.2 **Purchaser's Closing Conditions.** The obligations of Purchaser under this Agreement are subject, at the option of Purchaser, to the satisfaction, at or prior to the Closing, of the following conditions:

- a. all necessary consents of and filings with any state or federal governmental authority or agency relating to the consummation of the transactions contemplated by this Agreement shall have been obtained, accomplished or waived, except to the extent that such consents and filings are normally obtained, accomplished or waived after Closing.
- b. It is agreed that once the agreement is executed and the funds have been placed in deposit with escrow holder. That Seller will within five days execute an assignment of oil and gas leases to Purchaser, which Purchaser shall record.

ARTICLE 10 – CLOSING

10.1 **Closing.** The closing of this transaction (the "**Closing**") shall be held at the offices of Purchaser in Dallas, Texas, at 10:00 a.m. on July 7, 2008, or at such earlier date or place as the Parties may agree in writing (the "**Closing Date**").

10.2 **Seller's Closing Obligations.** At Closing, except to the extent comprising the Excluded Assets, Seller shall deliver to Purchaser the following:

- a. such assignment forms and other documents as may be required by applicable governmental authorities reasonably necessary to convey all of Seller's interest in the Assets to Purchaser in accordance with the provisions hereof;
- b. exclusive possession of the Assets;
- c. Letters-in-lieu of transfer orders in form acceptable to Seller and Purchaser;
- d. such executed forms as are required by the relevant authorities to effect a transfer of operations as to those Assets for which Seller acts as operator; and
- f. any other documents reasonably deemed necessary by the Purchaser to consummate the terms of this Agreement.
- g. It is agreed that upon execution of this agreement, That Seller gives to Purchaser full access to all files, well data, information, contacts and any other information necessary over the leases. Purchaser shall have the right to make copies of any and all data so requested.

- h. In the event that Seller is unable to deliver to Purchaser a recordable assignment of the oil and gas leases, on or before July 7, 2008. It is agreed that after Purchaser has placed the purchase price, that Seller will cooperate with seller in executing any and all drilling permits or such other documents that are necessary to develop the leases.

ARTICLE 11 – LIMITATION ON WARRANTIES AND REMEDIES

THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER CONTAINED IN THIS AGREEMENT ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE QUALITY, QUANTITY OR VOLUME OF OIL, GAS OR OTHER HYDROCARBONS IN OR UNDER THE LEASES, OR THE ENVIRONMENTAL CONDITION OF THE ASSETS. THE ITEMS OF PERSONAL PROPERTY, EQUIPMENT, IMPROVEMENTS, FIXTURES AND APPURTENANCES CONVEYED AS PART OF THE ASSETS ARE SOLD HEREUNDER “AS IS, WHERE IS, AND WITH ALL FAULTS” AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONDITION, ARE GIVEN BY OR ON BEHALF OF SELLER. IT IS UNDERSTOOD THAT PRIOR TO CLOSING PURCHASER SHALL HAVE INSPECTED THE ASSETS FOR ALL PURPOSES AND HAS SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, AND THAT PURCHASER ACCEPTS SAME IN ITS “AS IS, WHERE IS AND WITH ALL FAULTS” CONDITION. THE WARRANTIES OF SELLER CONTAINED IN THIS AGREEMENT ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND PURCHASER HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONDITION, OR CONFORMITY TO SAMPLES.

ARTICLE 12 – CASUALTY LOSS AND CONDEMNATION

If, after the execution of this Agreement, but prior to Closing, any portion of the Assets is destroyed by fire or other casualty or is taken in condemnation or under right of eminent domain, Purchaser shall nevertheless be required to close and Seller shall elect by written notice to Purchaser prior to Closing either to (a) cause the Assets affected by any casualty or taking to be repaired or restored to at least its condition prior to such casualty, at Seller’s sole cost, as promptly as reasonably practicable (which work may extend after the Closing Date); (b) treat such casualty or taking as a Title Defect with respect to the affected Asset or Assets under Article 8 (with the understanding if Seller elects either of the options described in (a) or (b) above, Seller shall retain all rights to insurance and other claims against third parties with respect to the casualty or taking, except to the extent that the Parties otherwise agree in writing); or (c) proceed with Closing as to the affected Asset, with the Purchaser being required to acquire the affected Asset (with the understanding that if Seller elects this particular option, Seller shall pay to Purchaser, at Closing, all sums paid to Seller by third parties by reason of such casualty or taking, and shall assign, transfer and set over to Purchaser or subrogate Purchaser all of Seller’s right, title, and interest (if any) in insurance claims, unpaid awards and other rights against third parties arising out of the casualty or taking.

ARTICLE 13 – DEFAULT AND REMEDIES

13.1 **Seller’s Remedies.** If Purchaser fails to comply with the terms of this Agreement, or if Seller’s closing conditions as set out in this Agreement are not satisfied or waived by Seller, in either case by the Closing Date, as it shall be extended in accordance herewith, upon notification from Purchaser to Seller.

13.2 **Purchaser’s Remedies.** If Seller fails to comply with the terms of this Agreement, or if Purchaser’s closing conditions as set out in this Agreement are not satisfied or waived by Purchaser, in either case by the Closing Date, as it may be extended hereunder, at its sole option, may select among the following (i) enforce specific performance, or (ii) terminate this Agreement and receive a refund of the Performance Deposit, as some but not all of Purchaser’s remedies for such default, all other remedies not being waived by Purchaser.

13.3 **Other Remedies.** The prevailing Party in any legal proceeding brought under or to enforce this Agreement shall be additionally entitled to recover court costs and reasonable attorneys’ fees from the non-prevailing Party.

ARTICLE 14 – ASSUMPTION AND INDEMNITY

14.1 **Assumed Obligations; Pre-Closing Liabilities.** Purchaser shall assume all risk and loss with respect to and any change in the

condition of the Assets from the Effective Time until Closing for production of Hydrocarbons through normal depletion (including the watering-out or sand infiltration of any well) and the depreciation of personal property through ordinary wear and tear. Upon and after Closing Purchaser shall own the Assets, together with all of the rights, duties, obligations and liabilities accruing after Closing, including the Assumed Obligations and Purchasers indemnity obligations hereunder. Purchaser agrees to assume and pay, perform, fulfill and discharge all Assumed Obligations. To the extent not included in Assumed Obligations, or those matters for which Seller is indemnified, Seller agrees to pay, perform, fulfill and discharge all costs, expenses and liabilities incurred by Seller with respect to the ownership or operation of the Assets and accruing prior to Closing.

14.2 **Purchaser's Indemnity.**

- a. Except as provided for in Section 14.3, Purchaser agrees to indemnify, defend and hold Seller harmless from and against all claims, demands, losses, damages, punitive damages, expenses, causes of action or judgments of any kind or character with respect to all liabilities and obligations or alleged or threatened liabilities and obligations caused by or related to damage to property, environmental damage or pollution, including liability based on strict liability or condition of the Assets, attributable to or arising out of (i) the Assumed Obligations, specifically including, but not limited to, the Environmental Obligations or Liabilities; (ii) Purchaser's acts or omissions; and (iii) the ownership or operation of the Assets by Purchaser or its successors and assigns at any time after the Effective Time, including, without limitation, any interest, penalty, reasonable attorneys' fees and court and other costs and expenses incurred in connection therewith or the defense thereof.

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14.3 **Seller's Indemnity.**

- a. Except as provided for in Section 14.2, Seller agrees to indemnify, defend and hold Purchaser harmless from and against any and all claims, demands, losses, damages, punitive damages, costs, expenses, causes of action or judgments of any kind or character with respect to all liabilities and obligations or alleged or threatened liabilities and obligations caused by or related to damage to property, including liability based on strict liability or condition of the Assets, attributable to or arising out of Seller's ownership or operation of the Assets by Seller and its subsidiaries or affiliates at any time prior to the Effective Time, including, without limitation, any interest, penalty, reasonable attorneys' fees and court and other costs and expenses incurred in connection therewith or the defense thereof. Nothing in this Section 14.3 shall be interpreted to require Seller to indemnify Purchaser for any liability arising from (i) the Assumed Obligations, specifically including, but not limited to, the Environmental Obligations or Liabilities; (ii) Purchaser's acts or omissions; and (iii) the ownership or operation of the Assets by Purchaser or its successors and assigns at any time after the Effective Time, including, without limitation, any interest, penalty, reasonable attorneys' fees and court and other costs and expenses incurred in connection therewith or the defense thereof.
- b. Seller further agrees to indemnify, defend and hold Purchaser harmless from and against any and all claims for personal injury, illness, disease and wrongful death which arise or are asserted prior to the Effective Time and which are attributable to the ownership and operation of the Assets by Seller and its subsidiaries or affiliates, including, without limitation, any interest, penalty, reasonable attorneys' fees and court and other costs and expenses incurred in connection therewith or the defense thereof. Once again, nothing in this Section 14.3 shall be interpreted to require Seller to indemnify Purchaser for any liability arising from (i) the Assumed Obligations, specifically including, but not limited to, the Environmental Obligations or Liabilities; (ii) Purchaser's acts or omissions; and (iii) the ownership or operation of the Assets by Purchaser or its successors and assigns at any time after the Effective Time, including, without limitation, any interest, penalty, reasonable attorneys' fees and court and other costs and expenses incurred in connection therewith or the defense thereof.

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14.4 **Broker or Finder's Fee.** Each Party agrees to indemnify and hold the other harmless from and against any brokerage or finder's fee or commission in connection with this Agreement or the transactions contemplated by this Agreement to the extent such claim arises from or is attributable to the actions of such indemnifying Party, including, without limitation, any and all losses, damages, punitive damages, attorneys' fees, costs and expenses of any kind or character arising out of or incurred in connection with any such claim or defending against the same.

14.5 **Miscellaneous.** There shall be no upward or downward adjustment in the Purchase Price as a result of any matter for which Purchaser or Seller is indemnified under this Agreement. The indemnities in this Agreement shall not relieve Purchaser or Seller from any obligations to third parties. The indemnities of Seller and Purchaser herein shall not relieve the indemnified Party from, or extend to cover, any obligations of the indemnified Party under the terms of any operating agreement or other cost-sharing arrangement which is applicable to any claim. With respect to any claim for which an indemnifying Party may be required to provide partial or full indemnity, or for which a Party may be obligated to defend in warranty, such Party shall have the right, but not the obligation, to participate fully in the defense of any such claim. Reasonable attorneys' fees, court costs, interest, penalties and other expenses incurred in connection with the defense of such claims shall be included in Seller's and Purchaser's indemnities herein.

15.8 Taxes.

- a. Seller and Purchaser agree that this transaction is not subject to the reporting requirement of Section 1060 of the Internal Revenue Code of 1986, as amended, and that, therefore, IRS Form 8594, Asset Acquisition statement, is not required to be and will not be filed for this transaction. In the event the Parties mutually agree that a filing of Form 8594 is required, the Parties will confer and cooperate in the preparation and filing of their respective forms to reflect a consistent reporting of the agreed upon allocation.
- b. Seller shall be responsible for and shall pay all taxes attributable to or arising from the ownership or operation of the Assets prior to the Effective Time. Purchaser shall be responsible for and shall pay all taxes attributable to or arising from the ownership or operation of the Assets after the Effective Time. Any Party which pays such taxes for the other Party shall be entitled to prompt reimbursement upon evidence of such payment. Each Party shall be responsible for its own federal income taxes, if any, as may result from this transaction.

15.9 Like-Kind Exchange. Each Party consents to the other Party's assignment of its rights and obligations under this Agreement to its Qualified Intermediary (as that term is defined in Section 1.103 (k)-1(g)(4)(v) of the Treasury Regulations), or to its Qualified Exchange Accommodation Titleholder (as that term is defined in Rev. Proc. 2000-37), in connection with effectuation of a like-kind exchange. However, Seller and Purchaser acknowledge and agree that any assignment of this Agreement to a Qualified Intermediary or to a Qualified Exchange Accommodation Titleholder does not release either Party from any of their respective liabilities and obligations to each other under this Agreement. Each Party agrees to cooperate with the other to attempt to structure the transaction as a like-kind exchange.

15.10 Governing Law. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS OTHERWISE APPLICABLE TO SUCH DETERMINATIONS. THE PARTIES WAIVE THE PROVISIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES ACT, OTHER THAN SECTION 17.555 THEREOF WHICH IS NOT WAIVED. IN ORDER TO EVIDENCE ITS ABILITY TO GRANT SUCH WAIVER, PURCHASER HEREBY REPRESENTS AND WARRANTS TO SELLER THAT PURCHASER (i) IS IN THE BUSINESS OF SEEKING OR ACQUIRING, BY PURCHASE OR LEASE, GOODS OR SERVICES FOR COMMERCIAL OR BUSINESS USE; (ii) HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT ENABLE IT TO EVALUATE THE MERITS AND RISKS OF THE TRANSACTION CONTEMPLATED HEREBY; AND (iii) IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION.

15.11 Entire Agreement. This Agreement constitutes the entire agreement between the Parties and collectively replaces and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof, whether written or oral. No other agreement, statement or promise made by any Party, or to any employee, officer or agent of any Party, which is not contained in this Agreement shall be binding or valid. This Agreement may be supplemented, altered, amended, modified or revoked by writing only, signed by the Parties hereto. The headings herein are for convenience only and shall have no significance in the interpretation hereof. The Parties stipulate and agree that this Agreement shall be deemed and considered for all purposes, as prepared through the joint efforts of the Parties, and shall not be construed against one Party or the other as a result of the preparation, submission or other event of negotiation, drafting or execution thereof. It is understood and agreed that there shall be no third party beneficiary of either Party to this Agreement, and that the provisions hereof do not impart enforceable rights in anyone who is not a Party or a successor or assignee of a Party hereto.

15.12 Exhibits. All Exhibits and Schedules attached to this Agreement, and the terms of those Exhibits and Schedules which are referred to in this Agreement, are made a part hereof and incorporated herein by reference.

15.13 Counterparts. This Agreement may be executed in any number of counterparts, and each and every counterpart shall be deemed for all purposes one (1) agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

SELLER

K&D Equities, Inc.

By: _____
Title: _____

PURCHASER

Gulf Onshore, Inc.

By: _____
Title: _____

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CURADO WELL INVENTORY

Throckmorton Co.,Tx

I. T.R.PUTNAM – RRC # 08575

1 N 42-447-35528

D- 80 Pumping unit

1,000' 4 1/2" Casing

750' 2 3/8" tubing

500' rods

Gear Box, Power Pole, Meter , misc. valves & fittings

T.R. Putnam # 1 42-447-80907

1,000' 4 1/2" casing

750' 2 3/8" tubing

500' rods

T.R. Putnam # 6 42-447-30554

750' 2 3/8" tubing

500' rods

T.R. Putnam # 18 42-447-32967

1,000' 4 1/2" Casing

750' 2 3/8 tubing

500' rods

T.R.Putnam # 103 42-447-33987

1,000' 4 1/2" Casing

750' 2 3/8 tubing

500' rods

T.R. Putnam # 104 42-447-34112

1,000' 4 1/2" Casing

750' 2 3/8 tubing

500' rods

T.R. Putnam # 106 42-447-34113

1,000' 4 1/2" Casing

750' 2 3/8 tubing

500' rods

T.R. Putnam # 111 42-447-34184

1,000' 4 1/2" Casing

750' 2 3/8 tubing

500' rods

T.R. Putnam # 105 42-447-34111

Salt Water Injector

T.R. Putnam # 108 42-447-34182

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Salt Water Injector

T.R. Putnam # 2 42-447 -80906
T.R. Putnam # 3- “ -80907
T.R. Putnam # 5- “ - 80908
T.R. Putnam #7 - “ - 30582
T.R. Putnam # 8- “ - 30650
T.R. Putnam # 10- “ - 30770
Salt Water Injector
T.R. Putnam # 11- “ - 30798
T.R. Putnam # 13 “ - 31538
T.R. Putnam # 15 “ - 31906
T.R. Putnam # 101- “ - 33988

On Lease

Horizontal Water Separator

1- 150 Bbl Tank Battery
1- 210 Bbl Tank Battery
4- D- 40 Pumping Units to repair, misc. parts, rods, tubing, etc.

II. PUTNAM A-8 RRC # 17374 42-447-81867

1- 114 Pumping Unit
4,500' 4 1/2 Casing
3,500' 2 3/8 Tubing
3,500' rods
3 – 210 Tank Batteries
Water Separator
1-150 Bbl Fiberglass Tank
Misc. parts, plungers, packer, motor, etc.

III. PUTNAM A-25 SWI - RRC # 18814

4,500' 4 1/2" Casing
3,500 2 3/8" Tubing
Misc. valves, fittings, etc.

IV. TREADWELL 3-D RRC # 29361 42-447-36106

1- 220 Gentry Pump Jack - Diesel Engine
4,500' 4 1/2 Casing
3,500' 2 3/8 Tubing
3,500' rods
Water Separator
2 – 210 Tank Batteries
Misc. parts, valves, fittings, etc.

V. PUTNAM 3-D – RRC # 17374 42-447-25781

1- 114 Pump Jack
4,500' 4 ½ Casing
3,500' 2 3/8 Tubing
3,500' rods
2 – 210 Tank Batteries
Water Separator
Misc. downhole pump, motors, plunger, packer

VI. PUTNAM 11-B – RRC # 25781 42-447-34829

1-114 Pump Jack
4,500' 4 ½ Casing
3,500' 2 3/8 Tubing
3,500' rods
1- 210 Tank Battery
Misc. downhole pump, packer, etc.

VII. PUTNAM 11-A – RRC # 24255 42-447- 36072

4,500' 4 ½ Casing
3,500' 2 3/8 Tubing
3,500' rods
Misc.

VIII. HARRELL 3-D - RRC # 42-447-XXXXX

1- 220 Pump Jack
4,500' 4 ½ Casing
3,500' 2 3/8 Tubing
3,500' rods
Water Separator
2 – 210 Tank Batteries
Misc. downhole pump, packer, meters, etc.

IX. JOE PUTNAM (goes into Comeback Tanks) RRC # 29287

Joe Putnam # 103 – 42-447 36095- Salt Water Injector

Joe Putnam # 203 - 42-447-36096

1- D-80 Pump Jack
950' 4 ½" Casing
750' 2 3/8" Tubing
500' rods
Misc. downhole pump, motors, packers, etc.

Joe Putnam # 303 – 42-447-36097

1-D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, motors, packers, etc.

Joe Putnam # 603 – 42-447-35109

1- D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, motors, packers, etc.

Joe Putnam # 703 – 42-447-35110

1- D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, motors, packers, etc.

Joe Putnam # 403 – 42-447-36098

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, motors, packers, etc.

Joe Putnam # 503 – 42-447-36099

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, motors, packers, etc.

Joe Putnam # 803

950' 4 1/2" Casing

X. PUTNAM M – RRC # 27328

4,500' 4 1/2" Casing

3,500' 2 3/8" Tubing

Tri Plex Water Pump

Electric Generated Water Injection System

Separator

2-210 Tank Batteries

XI. COMEBACK – RRC # 27330

Comeback # 1 – 42-447-35499

1- D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

Comeback # 2 – 42-447-35636

Salt Water Injector

Comeback # 3 – 42-447-35652

1-D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

Comeback # 4 – 42-447-35727

1- D-80 Pump Jack

950' 4 1/2" Casing

750' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

2-210 Tank Batteries

Separator

XIII. FT. GRIFFIN 3-D – RRC # 29347 42-417-38373

4,500' 4 1/2" Casing

XIV. J.C PUTNAM – RRC # 10814

J.C. Putnam # 1 – 42-447-81525

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

J.C. Putnam # 2 – 42-447-01497 – Salt Water Injector

J.C. Putnam # 4 – 42-447-30280 – Salt Water Injector

J.C. Putnam # 5 – 42-447-30249

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

J.C. Putnam # 6 – 42-447-30294

J.C. Putnam # 7 – 42-447-81530

1- D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods 750

Misc. downhole pump, packer, motor, etc.

J.C. Putnam # 8 – 42-447-31738

1-D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

J.C. Putnam # 9 -42-447-31739

1- D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

J.C. Putnam # 40 – 42-447-36115

1- D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

J.C. Putnam # 10 – 42-447-33177

1- D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc.

J.C. Putnam # 11 – 42-447-33330

1 D-80 Pump Jack

750' 4 1/2" Casing

650' 2 3/8" Tubing

500' rods

Misc. downhole pump, packer, motor, etc

3 – 210 Tank Batteries

1- 150 Bbl Fiberglass Water Tank

Separator

SHACKELFORD COUNTY, TEXAS

XV. J.P. MORRIS LEASE –RRC # 03544

J.P. Morris #15- 42-417-81629

1 D-80 Pump Jack

1,700' 4 1/2" Casing

1,500' 2 3/8" Tubing

1,200' rods

J.P. Morris # 65- 42-417-81638

1 D-80 Pump Jack

1,700' 4 1/2" Casing

1,500' 2 3/8" Tubing

1,200' rods

J.P.Morris # 73- 42-417-31400

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 101 – 42-417-33236

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P. Morris # 102 – 42-417-35030

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P. Morris # 103 – 42-417-35031

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 104 -42-417-35146

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 71 -42-417-31398

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 88- 42-417-33491

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P. Morris # 112 – 42-417-35719

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 116 – 42-417-36642

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P. Morris # 118- 42-417-36959

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 114 -42-417-35724

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 109 -42-417-35292

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 111 – 42-417-35720

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 113 – 42-417-35724

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 72 – 42-417-31399

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 75- 42-417-31539

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 76- 42-417-31538

**1 D-80 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

J.P.Morris # 99

**1 D-228 Pump Jack
1,700' 4 1/2" Casing
1,500' 2 3/8" Tubing
1,200' rods**

On Lease

**4-500 Bbl Tank Batteries
1-Horizontal Separator
1 – 300 Bbl Water Tank
1-210 Tank Battery
1 3 –phase Triplex Salt Water Pump
8 D-80 Pump Jacks – need repair
15,000 ft. 2 3/8" untested tubing
10,000 rods
8 Salt water Injectors
30,000' buried poly pipe
Misc., Meters, Motors, downhole pumps, valves, fittings, etc.**

Lease Inventory

1. **Putnam "A" Well #8 and SWD Well #25-Lease #10758-Richards Ranch (Mississippi) Field:** The Southwest 100 of Acres of Comanche Indian Reservation Survey No. 9, Abstract No. 1122, Throckmorton County, Texas, less and except 40 acres in the form of a square Around the Mutual Oil of America, Inc: Putnam D-1 Well, being the southwest 40 acres of said survey, leaving 60 acres of land only insofar as such lease covers the subsurface depth between. 2,100 feet and 4,736 feet beneath such 60 acres.

50% W.I/75%N.R.I.

2. **3D Putnam:** 40 acres in the form of a square out of the southwest corner of Comanche Indian Reservation Survey, Block 11, Throckmorton County, Texas.

54% W.I./81.25 N.R.I.

3. **TR Putnam:** An oil and gas leased dated January 27, 1961, recorded in Book 138, Page 43, Deed Records of Throckmorton County, Texas, executed by James P. Putnam et al., as Lessors, to G.L. Palterson and Raymond L Hawkins, as Lessees, covering the following described land situated in Throckmorton County, Texas, to wit:

Comanche Indian Reservation Survey #25, Abstract No. 884, being the original 160-acre tract patented to Samuel Cellars by Patent #463, Vol. 9, and the excess 13-acres later purchased from the State of Texas, dated September 27, 1944, recorded in Book 3, Page 16, Patent Records of said county, containing 173 acres of land, more or less, from the surface of the ground to a depth of 1,500 feet below the surface.

75% W.I./80% N.R.I.

4. **Harrell 3-D:** East 53 acres of the north 93 acres of T&L Co Survey, Abstract No. 481, as to depths below fee below the surface only.

97% W.I/81.25% N.R.I.

5. **JC Putnam:** Oil and gas lease to depth of 1,500 fee beneath the surface to the following tract of land to wit:

Beginning at the southeast corner of Survey 24, Cir and an inner corner of said **Survey 11**;
Thence N 20° W with east line of Survey and NW corner of Survey 11; Cir 1836.1 feet to N NE corner of said Survey 11;
Thence S 20°E with Survey line of said Survey 11 and the west line Survey 9 and the east line of said Survey 11;
Cir 1110 feet to a point 170 feet N 20° W of the Southwest corner of said survey 11, CIR;
Thence 70° 45' W 550 feet;
Thence N 20° W 150 feet to a point 150 feet S 70° 45' W of Well No. 2 as not located on the ground;
Thence N 7° W 640 feet;
Thence 71° 41 fee to place of beginning

85% W.I./82.03% N.R.I.

6. **Comeback:** Being a tract out of the Comanche Indian Reservation Survey 10; Abstract No. 850, beginning at the intersection of the westerly boundary of said survey; to-wit:

Thence in a northeasterly direction 1,000 feet to a point;
Thence in a southeasterly direction parallel to the western boundary line to a point in the southern boundary line of said survey;
Thence with the western boundary line of said survey in a northeasterly direction to the place of beginning;
Less, save and except a 300 foot square around any existing wells located thereon.

86.25% W.I./75% N.R.I.

- 7 **Treadwell 3-D:** Being 40 acres, more or less, in the form of a square out of the northwest corner of the H.R. Treadwell Survey, Abstract No. 876, Throckmorton, County, Texas, limited to 3600 feet below.

64% W.I./80% N.R.I.

8. **Fort Griffin: 3-D:** 100-acre lease-Section A-140; T&L Co **Survey** No. 381,980 FNRL 1000 FEL, Abstract No. 254.
79% W.I. 80% N.R.I.

9. **JP Morris;** That oil and gas mineral leasehold estate created by oil and gas lease dated June 25, 1925, executed by David Proctor et al. to J.V. Howell recorded in Volume 78, Page 326, Deed Records of Shackelford County, Texas insofar as it covers the following tracts situated in the ETRR Co surveys covering approximately 1,880 acres in Shackelford County, Texas, to wit:

W ½ Section 191, Abstract No. 105;
All Section 201, except S ½ of SE ¼, Abstract No. 114
NW ¼ of Section 204, Abstract No. 1010;
E ½ of Section 205, Abstract No. 116;
S ½ of SE ¼ Section 201, Abstract No. 114

40 Wells 100% W.I. 84.75% N.R.I.

20 Wells 52% W.I. 84.75 N.R.I.



AGREEMENT FOR THE PURCHASE OF COMMON STOCK

THIS COMMON STOCK PURCHASE AGREEMENT, (this "Agreement") made this 6th day of June 2008, between South Beach Live, Inc., a Florida corporation ("Seller"), and Gulf Onshore, Inc., a Nevada corporation ("Buyer"), setting forth the terms and conditions upon which Seller will sell 100,000 shares of Curado Energy Resources, Inc. ("Curado") common stock (the "Shares"), owned by it, free and clear and absent lien or other encumbrance, to Buyer.

In consideration of the mutual promises, covenants, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

WITNESSETH:

WHEREAS, the Seller is the owner of Shares, free and clear and absent any encumbrance, and has agreed to sell the Shares to Buyer and Buyer has agreed to buy the Shares.

WHEREAS, the Shares constitute 100% of the issued and outstanding shares of Curado, and there are no rights, options, warrants or other interests permitting any person to acquire any other shares of Curado.

NOW THEREFORE, in consideration of the mutual promises, covenants and representations contained herein, the parties herewith agree as follows:

ARTICLE I SALE OF SECURITIES - NOTES & OBLIGATIONS

1.01 Subject to the terms and conditions of this Agreement the Seller agrees to sell the Shares and the Buyer agrees to buy the Shares for a total of \$250,000.00 (USD) (the "Purchase Price"). This is a private transaction between the Seller and Buyer.

1.02 At closing, which shall occur at a time and place mutually convenient to Seller and Buyer, but in no event later than July 7, 2008, Buyer shall deliver to Seller an executed copy of a Convertible Promissory Note in the principal amount of \$250,000.000 (USD), in the form attached hereto.

ARTICLE II REPRESENTATIONS AND WARRANTIES

The Sellers hereby represent and warrant to the Buyer the following:

2.01 Organization. Curado is a Texas corporation duly organized, validly existing, and in good standing under the laws of that state, has all necessary corporate powers to own properties and carry on a business, and is duly qualified to do business and is in good standing in the state of Texas and elsewhere. All actions taken by the incorporators, directors and/or shareholders of Curado have been valid and in accordance with the laws of the state of Texas and the Federal Securities Laws.

2.02 Capital. The authorized capital stock of Curado consists of 1,000,000 shares of Common Stock, \$.001 par value, of which 100,000 shares are issued and outstanding. The Shares comprise 100% of the total number of issued and outstanding shares. All outstanding shares are fully paid and non-assessable, free of liens, encumbrances, options, restrictions and legal or equitable rights of others not a party to this Agreement. At the Closing, there will be no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating Curado issue or to transfer from treasury any additional shares of its capital stock. None of the outstanding shares of Curado are subject to any stock restriction agreements.

2.03 Financial Statements. Curado financial statements are, to the best of Seller's belief, accurate and complete.

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2.04 Absence of Changes. Since January 1, 2008, there has been no change in the financial condition or operations of Curado except changes in the ordinary course of business, which changes have not in the aggregate been materially adverse.

2.05 Filings with Government Agencies. Curado has made all required filings with any Government agency, including the Texas Railroad Commission.

2.06 Liabilities. It is understood and agreed that the purchase of the Shares is predicated on the accuracy and completeness of Curado's disclosure of its liabilities. To the best of Seller's knowledge, there is no dispute of any kind between Curado and any third party, and no such dispute will exist at the Closing of this transaction.

2.07 Tax Returns. To the best of Seller's knowledge, Curado has made all necessary filings of federal or state income tax returns and has not incurred any liability to any taxing organization.

2.08 Ability to Carry Out Obligations. The Sellers have the right, power, and authority to enter into, and perform their obligations under this Agreement. The execution and delivery of this Agreement by the Sellers and the performance by the Sellers of their obligations hereunder will not cause, constitute, or conflict with or result in (a) any breach or violation or any of the provisions of or constitute a default under any license, indenture, mortgage, charter, instrument, articles of incorporation, bylaw, or other agreement or instrument to which Seller is a party, or by which it may be bound, nor will any consents or authorizations of any party other than those hereto be required, (b) an event that would cause Seller (and/or assigns) to be liable to any party, or (c) an event that would result in the creation or imposition of any lien, charge, or encumbrance on any asset of Seller or upon the shares of the Company to be acquired by the Buyer.

2.09 Compliance with Laws. Seller has complied, to the best of its knowledge, in all material respects, with, and is not in violation of any, federal, state, or local statute, law, and/or regulation pertaining. To the best of its knowledge, Seller has complied with all federal and state securities laws in connection with the offer, sale and distribution of its securities. At the time that Curado sold shares to the Seller, it was entitled to use the exemptions provided by the Securities Act of 1933 relative to the sale of its shares. The shares being sold herein are being sold in a private transaction between the Seller and the Buyer, and the Buyer makes no representation as to whether the Shares are subject to trading restrictions under the Securities Act of 1933, as amended and rules thereunder.

2.10 Litigation. Seller is not (and has not been) a party to any suit, action, arbitration, or legal administrative, or other proceeding, or pending governmental investigation. To the best knowledge of the Seller, there is no basis for any such action or proceeding and no such action or proceeding is threatened against Seller. Seller is not a party to or in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, agency, or instrumentality.

2.11 Conduct of Business. Prior to the Closing, Curado shall conduct its business in the normal course, and shall not (without the prior written approval of Buyer) (i) sell, pledge, or assign any assets, (ii) amend its Certificate of Incorporation or Bylaws, (iii) declare dividends, redeem or sell stock or other securities (iv) incur any liabilities, except in the normal course of business, (v) acquire or dispose of any assets, enter into any contract, guarantee obligations of any third party, or (vi) enter into any other transaction.

2.12 Title. Seller has good and marketable title to the Shares. The Shares will be, at the Closing, free and clear of all liens, security interests, pledges, charges, claims, encumbrances and restrictions of any kind, except for restrictions on transfer imposed by federal and state securities laws. None of the shares are or will be subject to any voting trust or agreement. No person holds or has the right to receive any proxy or similar instrument with respect to such shares. Except as provided in this Agreement, Seller is not party to any agreement which offers or grants to any person the right to purchase or acquire any of the Shares. There is no applicable local, state or federal law, rule, regulation, or decree which would, as a result of the purchase of the shares by Seller (and/or assigns) impair, restrict or delay voting rights with respect to the Shares.

2.13 Transfer of Shares. The Seller shall deliver certificate(s) representing the Shares being purchased, along with the proper Stock Powers to the Buyer at closing. The Buyer will have the responsibility of sending the certificates, along with stock powers to the Transfer Agent for the Company to have the certificates changed into their respective names and denominations and the Buyer shall be responsible for all costs involved in such changes and in mailing new certificates to all shareholders.

2.14 Representations. All representations shall be true as of the Closing and all such representations shall survive the Closing.

ARTICLE III CLOSING

3.01 Closing for the Purchase of Common Stock. The Closing (the "Closing") of this transaction for the Shares of Common Stock being purchased will occur when all of the documents and consideration described herein have been delivered. Unless the Closing of this transaction takes place on or before July 7, 2008, then either party may terminate this Agreement.

This Agreement can be terminated in the event of any material breach by either party.

3.02 Documents and Payments to be Delivered at Closing of the Common Stock Purchase. As part of the Closing of the Common Stock purchase, the following documents, in form reasonably acceptable to counsel to the parties, shall be delivered:

(a) By the Sellers:

(i) stock certificate or certificates, along with Medallion Guaranteed stock powers, representing the Shares, endorsed in favor of the name or names as designated by Buyer or left blank;

(ii) the appointment of _____ as the Company's President, Secretary and Treasurer and the resignation of all officers of Curado.

- (iii) the appointment of _____ as directors of Curado and the resignation of all its current directors;
 - (iv) true and correct copies of all of the business and corporate records of Curado, including but not limited to correspondence files, bank statements, checkbooks, savings account books, minutes of shareholder and directors meetings or consents, financial statements, shareholder listings, stock transfer records, agreements and contracts; and
 - (v) such other documents of Curado as may be reasonably required by Buyer, if available to Seller.
- (b) By Buyer:
- (i) The Promissory Note, in the form attached hereto.

ARTICLE IV REMEDIES

4.01 Arbitration. Any controversy of claim arising out of, or relating to, this Agreement, or the making, performance, or interpretation thereof, shall be settled by arbitration in Dallas, Texas in accordance with the Rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

4.02 Termination. In addition to any other remedies, the Buyer may terminate this Agreement, if at the Closing, the Seller has failed to comply in all material respects with all material terms of this Agreement, have failed to supply any documents required by this Agreement unless they do not exist, or have failed to disclose any material facts which could have a substantial effect on any part of this transaction.

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4.03 Indemnification. From and after the closing, the Seller, jointly and severally, agree to indemnify Buyer against all actual losses, damages and expenses caused by (i) any material breach of this Agreement by them or any material misrepresentation of the Seller contained herein, or (ii) any misstatement of a material fact or omission to state a material fact required to be stated herein or necessary to make the statements herein not misleading.

4.04 Indemnification Non-Exclusive. The foregoing indemnification provision is in addition to, and not derogation of any statutory, equitable or common law remedy any party may have for breach of representation, warranty, covenant or agreement.

ARTICLE V MISCELLANEOUS

5.01 Captions and Headings. The article and paragraph headings throughout this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

5.02 No Oral Change. This Agreement and any provision hereof, may not be waived, changed, modified, or discharged, orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

5.03 Non Waiver. Except as otherwise expressly provided herein, no waiver of any covenant, condition, or provision of this Agreement shall be deemed to have been made unless expressly in writing and signed by the party against whom such waiver is charged; and (i) the failure of any party to insist in any one or more cases upon the performance of any of the provisions, covenants, or conditions of this Agreement or to exercise any option herein contained shall not be construed as a waiver or relinquishment for the future of any such provisions, covenants, or conditions, (ii) the acceptance of performance of anything required by this Agreement to be performed with knowledge of the breach or failure of a covenant, condition, or provision hereof shall not be deemed a waiver of such breach or failure, and (iii) no waiver by any party of one breach by another party shall be construed as a waiver with respect to any other or subsequent breach.

5.04 Time of Essence. Time is of the essence of this Agreement and of each and every provision hereof.

5.05 Entire Agreement. This Agreement, including any and all attachments hereto, if any, contain the entire Agreement and understanding between the parties hereto, and supersede all prior agreements and understandings.

5.06 Significant Changes. The Seller understand that significant changes may be made in the capitalization and/or stock ownership of Curado, which changes could involve a reverse stock split and/or the issuance of additional shares, thus possibly having a dramatic negative effect on the percentage of ownership and/or number of shares owned by present shareholders of Curado.

5.07 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures will be acceptable to all parties.

5.08 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or on the second day if faxed, and properly addressed or faxed as follows:

If to the Seller :

South Beach Live, Inc.

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If to Buyer :

Dean Elliot
Gulf Onshore, Inc.
15851 Dallas Parkway, Suite 190
Addison Texas 75001

5.09 Binding Effect. This Agreement shall inure to and be binding upon the heirs, executors, personal representatives, successors and assigns of each of the parties to this Agreement.

5.10 Effect of Closing. All representations, warranties, covenants, and agreements of the parties contained in this Agreement, or in any instrument, certificate, opinion, or other writing provided for in it, shall be true and correct as of the closing and shall survive the Closing of this Agreement.

5.11 Mutual Cooperation. The parties hereto shall cooperate with each other to achieve the purpose of this Agreement, and shall execute such other and further documents and take such other and further actions as may be necessary or convenient to effect the transaction described herein.

In witness whereof, this Agreement has been duly executed by the parties hereto as of the date first above written.

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SELLER

South Beach Live, Inc.

By: _____
Title: _____

PURCHASER

Gulf Onshore, Inc.

By: _____
Title: _____

CONVERTIBLE PROMISSORY NOTE

\$250,000.00 (USD)

Dallas, Texas

June 10, 2008

FOR VALUE RECEIVED, Gulf Onshore, Inc., a Nevada corporation ("MAKER"), promises to pay, in lawful money of the United States of America, to the order of South Beach Live, Inc. a Florida corporation, ("HOLDER"), at 16928 Club Hill Dr. Dallas, TX 75248, or at such other place as Holder shall from time to time direct, the principal amount of Two Hundred and Fifty Thousand and 00/100 U.S. Dollars (\$250,000.00) (the "PRINCIPAL"), together with accrued interest on the unpaid Principal (the "INTEREST"), as it exists from time to time, at the rate of ten percent (10%) per annum (the "INTEREST RATE"), calculated from the date hereof until paid in full in accordance with the following terms and conditions:

1. **MATURITY.** The entire unpaid Principal, together with accrued and unpaid Interest, if any, and all other charges due hereunder, if any, shall be due and payable, unless sooner paid, on the first (1st) anniversary of the date of this Note; provided, however, upon the written agreement of Maker and Holder, such due date may be extended by up to one (1) year (as applicable, the "MATURITY DATE").

2. **PAYMENTS.** All unpaid Principal and accrued and unpaid Interest shall be due and payable on the Maturity Date.

3. **MANNER OF PAYMENTS.** Principal and Interest, and all other charges due hereunder, if any, shall be payable in U.S. Dollars at the office of Holder set forth above, or at such other place as Holder from time to time may designate in writing, without deduction or setoff.

4. **ASSIGNMENT/ENDORSEMENT.** The Holder may, from time-to-time, assign or endorse some or all of this Note, and any related conversion rights, to a creditor, obligor or other purchaser, upon notice, but without approval of, the Maker. The Maker shall have the right to prepay this Note to Holder prior to such assignment or endorsement, by tendering all amounts due to Holder within one (1) business day of receipt of such notice. In the event Holder assigns or endorses only a portion of the Note, the assignee or endorsee shall have the right to demand that Maker draft and execute such additional number of Notes so as to reflect such transfer, canceling the original Note and replacing it with as many Notes in as may be required, in the form of this Note, each of which shall be binding on Maker.

5. CONVERSION.

(a) The Company will also authorize the issue of One Million (1,000,000) shares of its common stock (hereinafter called "The Stock") and will authorize the issuance of and reserve for such purchase such a number of additional shares of common stock (hereinafter called the "Conversion Stock") as may from time to time be the maximum number required for issuance upon conversion of the Note pursuant to the conversion privileges hereinafter stated.

(b) A. The Holder of any of the Notes at any time up to and including the maturity date (or, as to any of the Notes to which notice of prepayment shall have been given, at any time up to the close of business on the third business day prior to the day fixed for prepayment) but not thereafter may convert the Notes in whole or in part into as many fully paid and nonassessable shares of Common Stock of the Company as the principal amount of the Note so converted in a multiple of Twenty Five Cents (.25) per share, and upon surrender of the certificate representing the Notes to the Company at its principal office in the City of Addison, Texas. If any of the Notes shall be converted in part, the Company shall, at its option and without charge to the Holder, either (i) execute and deliver to the Holder Notes for the balance of the principal amount so converted, or (ii) make notes hereon as to the principal of the amount converted.

B. Upon conversion of any of the Notes, all accrued and unpaid interest on the principal amount converted shall be paid to the Holder by the Company.

C. The Company shall take all necessary steps to maintain the registration for the shares held subject to the conversion privilege as described in this section.

D. In the case the Company shall issue or sell any share of its Common Stock (other than the Stock Shares issued upon conversion of any of the Notes) without consideration or for consideration per share less than the conversion price of Twenty Five Cents (.25) per share, then forthwith upon such issuance or sale, the conversion price shall be adjusted to that price paid, or \$.001 (par value) if no consideration is paid or given.

E. In case the Company shall at any time divide its outstanding shares of Common Stock into a greater number of shares, the conversion price in effect immediately prior to such subdivision should be proportionately reduced, and, conversely, in the case of outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the actual conversion price in effect immediately prior to such combination shall be proportionately increased.

F. In case the Company shall declare a dividend or make a distribution of any Stock of the Company payable in Common Stock or in Convertible Securities, the aggregate maximum number of shares of Common Stock issuable in payment of such dividend or distribution, or upon conversion of or in exchange for such Convertible Securities issuable in payment of such dividend or distribution, shall be deemed to have been issued or sold without consideration.

G. No fractional share of Common Stock shall be issued upon conversion of any of the Notes. If any Holder of the Notes shall have converted all the Notes held by him other than a principal amount so small that less than a whole share of Common Stock would be issuable upon conversion thereof, the Company may elect to prepay such balance, with interest accrued thereon to the date fixed for prepayment, or leave the same outstanding until the maturity of the Note.

H. In any reclassification or change of outstanding shares of Common Stock issuable upon conversion of the Notes (other than a change in stated value or from no par to par value) or in the case of any consolidation or merger of the Company with any other corporation, or in the case of the sale and conveyance to another to another corporation or person of the property of the Company in its entirety or substantially as an entirety, the Company shall, as a condition precedent to such transaction, cause effective provisions to be made that each Holder of the Notes then outstanding shall have the right thereafter to convert the Notes into the kind and amount of shares of Stock and other securities and property receivable upon such reclassification, change, consolidation, merger, sale or conveyance by a Holder of the number of shares of Common Stock in the Company into which such Notes might have been converted immediately prior to such reclassification, change, consolidation, merger, sale or conveyance.

5. PREPAYMENT. The Principal may be prepaid, in full or in part, at any time and from time to time, without premium or penalty; provided, however, all accrued and unpaid Interest must be concurrently paid at the time of such prepayment of Principal.

6. DEFAULT. Maker shall be in default under this Promissory Note upon the occurrence of any of the following events (each, a "DEFAULT"):

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(a) Maker fails to make any payment of Principal or Interest when due, or fails to perform any of the terms, conditions or obligations hereunder, and such failure continues for a period of fifteen (15) calendar days after receipt by Maker from Holder of written notice thereof; provided, however, if Maker fails to make any payment of Principal or Interest when due more than five (5) times prior to the fourth (5th) anniversary of the date of this Promissory Note, or more than six (6) times prior to the fifth (6th) anniversary of the date of this Promissory Note if the Maturity Date is extended pursuant to the terms of Section 1 hereof, then such failure shall immediately thereafter be a Default and Holder shall have no obligation to provide written note of such failure and Maker shall have no right or ability to cure such failure;

(b) Maker shall file or have filed against it, voluntarily or involuntarily, a petition for its winding up, or shall procure or suffer the appointment of a receiver for any portion of its properties or assets, or shall make an assignment for benefit of its creditors, provided same is not cured within thirty (30) calendar days of such event occurring; or

(c) Maker ceases operations, is dissolved, or terminates its existence.

Upon a Default, the entire unpaid Principal, together with accrued and unpaid Interest, and all other charges due hereunder, if any, shall immediately become due and payable and Holder may proceed at once to exercise any or all remedies available to Holder under this Promissory Note or at law or equity. At such time as a judgment is obtained for any amounts owing under this Promissory Note, interest shall continue to accrue on the amount of the judgment at the Interest Rate.

7. OTHER OBLIGATIONS. Maker agrees to pay all costs of collection if suit be brought. Costs of collection include, without limitation, reasonable attorneys' fees if this Promissory Note is placed in the hands of attorneys for collection (whether or not suit is brought to collect the amount past due), together with all court costs, investigative costs and other expenses incurred in the prosecution of any suit.

8. REMEDIES CUMULATIVE. All remedies herein given to Holder are cumulative and not alternative, are in addition to all of the same which are available to Holder under all statutes at law or in equity, and may be exercised in any order or simultaneously, at Holder's sole

election. Any forbearance or delay by Holder in exercising the same shall not be deemed to be a waiver thereof, and the exercise of any right or partial exercise thereof shall not preclude the further exercise thereof, and the same shall continue in full force and effect until specifically waived by an instrument in writing executed by Holder.

9. SEVERABILITY. If any provision of this Promissory Note is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Promissory Note shall remain in full force and effect and shall be liberally construed in favor of Holder in order to effect the provisions of this Promissory Note.

10. WAIVER OF ERRORS. Maker hereby waives and releases all errors, defects and imperfections in any proceedings instituted by Holder under the terms of this Note, as well as all benefit that might accrue to Maker by virtue of any present or future laws providing for any stay of execution to be issued on any judgment recovered on this Promissory Note, and Maker agrees that any real or personal property that may be levied upon pursuant to a judgment obtained by virtue hereof, on any writ of execution issued thereon, may be sold upon any such writ, in whole or in part, in any order desired by Holder.

11. WAIVER OF NOTICES. Maker hereby waives diligence, presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Promissory Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Promissory Note, and agrees that Maker's liability hereunder shall not be affected in any manner by any indulgence, extension of time, renewal, waiver or modification granted or consented to by Holder. Maker consents to any and all extensions of time, renewals, waivers, or modifications that may be granted by Holder with respect to the payment or other provisions of this Promissory Note, with or without substitution.

12. NO WAIVER. Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder, and then only to the extent specifically set forth in the writing. A waiver in one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to any subsequent Default, or, in the event of continuance, of any existing Default.

13. APPLICABLE LAW. This Note shall be governed by and construed in accordance with the laws of the Province of Alberta, without regard to the choice of law rules of that Province.

14. AMENDMENT. This Note shall in no event be amended or modified, except by an instrument in writing executed by the party to be bound thereby.

15. NUMBER AND GENDER. Whenever used, the singular number shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders, and the words "Holder" and "Maker" shall be deemed to include the respective successors and assigns of Holder and Maker.

16. CAPTIONS. The captions set forth in this Note are for convenience only and do not comprise a part of this Note.

IN WITNESS WHEREOF, this Note has been executed as of the date first hereinabove written.

"MAKER"

Gulf Onshore, Inc.

By: _____

Name: _____

Its: President

"HOLDER"

South Beach Live, Inc.

By: _____

Name: _____
Its:



Gulf Onshore Acquires 3,200 Acre Oil Lease

Tuesday June 3, 1:37 pm ET

DALLAS, TX--(MARKET WIRE)--Jun 3, 2008 -- Gulf Onshore, Inc. (OTC BB: [GFON.OB](#) - [News](#)) is pleased to announce they have closed on several oil and gas leases in Throckmorton and Shackelford Counties, Texas which total 3,200 acres and have 80 existing well bores. The leases have multiple existing producing wells. The Company paid 10,000,000 shares of its Common stock, par value .001, as consideration for the leases. The engineering report shows proved developed producing (PDP) and proved developed non producing (PDNP) reserves of 454,194 Bbls of oil and 8.98 MMcfg of gas.

As part of the acquisition of the Throckmorton and Shackelford County leases Gulf also acquired the Operator Curado Energy Resources, Inc. Curado is a registered Operator with the Railroad Commission of Texas. Gulf paid \$250,000.00 in the form of a one year note for 100% of the outstanding stock of Curado.

About Gulf Onshore, Inc.

Gulf Onshore, Inc. is an oil and gas company with a focus on oil and gas prospects and properties which require further development. Gulf is careful to develop a thorough drilling plan using advanced technologies in both mapping and the use of 3D seismic reports and information. Gulf trades under the ticker symbol GFON.BB on the OTCBB.

This Press Release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. A statement identified by the words "expects," "intends," "projects," "plans," or similar phrases may be deemed "forward-looking statements." Although Gulf Onshore, Inc. believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this press release. These include risks inherent in the drilling of oil and natural gas wells, including risks of fire, explosion, blowout, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks inherent in oil and natural gas drilling and production activities, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; risks with respect to oil and natural gas prices, a material decline in which could cause the Company to delay or suspend planned drilling operations or reduce production levels; and risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in oil and gas prices and other risk factors.

Contact:

Contact:

Investor Relations:
Taylor Capitol, Inc.
Stephen Taylor
973-351-3868
