



Blue & Gray Resources, Inc.

Memo

Date: Tuesday, December 21, 2010
To: Steve McMillen (405) 849-1571
From: John Hefner
Blue & Gray Resources, Inc.
303-918-5200 cell
303-840-0186 fax
bgroil@aol.com
RE: DEGENHART SUA

6 Pages including cover

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement ("Agreement") is made and entered into this 1st day of May, 2010, by and between Jack Degenhart, ("Owner"), and Blue & Gray Energy, Inc., ("Operator"); sometimes referred to each as a "Party," or collectively as the "Parties."

WITNESSETH:

For and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, owner grants to operator the exclusive right to enter upon the lands as described below, and the Parties agree as follows:

1. **OWNERSHIP.** Owner is the surface owner of certain lands located in Weld County, Colorado as more specifically described as follows ("Lands"):

Township 6 North, Range 62 West, 6th P.M., Sections 3, 4, 9, 10 and 15

Operator, or its affiliates, owns a working interest in valid leases covering all or portions of the Lands or lands pooled or included in a spacing unit therewith (each a "Lease," collectively, the "Leases"). Additionally, Operator may have responsibilities under a Joint Operating Agreement ("JOA") with respect to the Lands.

2. **OPERATOR'S OIL AND GAS OPERATIONS ON THE LANDS.** Operator intends to drill or cause to be drilled oil and/or gas wells on the Lands. In order for Operator to drill, construct, complete, produce, maintain, and operate the Wells and all facilities associated therewith, including, but not limited to, access roads ("Access Roads"), pipelines, flow lines, separators, tank batteries, electric lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "Facility," collectively, the "Facilities"), it is necessary that Operator enter and utilize a portion of the surface of the Lands.

The Parties enter into this Agreement to evidence their entire agreement regarding the payment of surface damages, entry, surface use, and any other matters relating to Operator's use of the Lands.

3. **LOCATION.** The approximate location of the Wells, the Access Roads to the Well sites and certain other Facilities to be constructed on the Lands are to be determined with the Owner having final say as to locations as long as they are legal and not unreasonably withheld. Operator agrees not to use any more of the surface of the Lands than is reasonably necessary to conduct its operations; provided, however, that each Well site will not exceed 1.75 acres, or 220 feet by 350 feet in area, absent written consent from the Owner.

4. **CONDUCT OF OPERATIONS.** Operator's operations on the Lands will be conducted pursuant to the terms of the Leases, this Agreement, the rules and regulations of the Colorado Oil & Gas Conservation Commission ("COGCC"), and applicable Colorado statutes and case law.



5. **COMPENSATION AMOUNT.** Operator will pay Owner the sum of \$6,000.00 ("**Amount**") for each vertical well site, ~~\$20,500.00~~ ("**Amount**") for each horizontal well site and \$2,000.00 for each tank location prior to the commencement of drilling operations for each such Well. The Amount shall be deemed full and agreed consideration for all damages caused or created by reason of the reasonable and customary ingress, egress, rights-of-way, drilling, completion, production and maintenance operations associated with the Wells and Facilities. Such damages will include, without limitation, damage to growing crops and crop land; construction and use of access roads; and the preparation and use of the wellsite areas. Any subsequent major operations for said Wells (refrac, deepening, redrilling, etc.), except in case of emergency, shall require 10 days prior notice to Owner. Operator shall pay Owner all actual damages caused by said subsequent operations.

6. **ADDITIONAL SURFACE USE PROVISIONS, ACCESS ROADS, FENCES AND FACILITIES.** With respect to its operations on the Lands, Operator will comply with the following provisions:

A. Access Roads:

(i) Access Roads will not exceed 20 feet in width.

(ii) Operator will insure that all vehicles accessing the Lands on its behalf remain on the Access Roads. Operator agrees to place a single strand fence on both sides of Access Roads if requested by Owner.

(iii) Operator agrees to back-slope all Access Roads.

(iv) Operator will provide Owner with a minimum of 10 days prior written notice before restoring the surface of all Access Roads to be permanently abandoned by Operator. No later than 10 days following receipt of such notice, Owner may elect, in writing, not to have such Access Roads abandoned by Operator. In such event, Operator will have no liability under this Agreement, the Lease, or otherwise, to restore the surface of the Lands utilized as Access Roads. Failure to timely respond will be deemed as Owner's election that Operator proceed with the abandonment of the Access Roads and the restoration of the surface thereof.

(v) Operator will maintain all Access Roads in good repair and condition.

B. Surface Restoration:

Within three months, or later at the Landowner request, of cessation of drilling operations, Operator will dress and re-seed the drilling pad and tank battery.

Upon permanent cessation of Operator's operations on the Lands, all areas thereof occupied or utilized by Operator will be restored by Operator to their original contour as nearly as is reasonably practicable, and re-seeded if so

requested by Owner; provided however, that Operator's intent to abandon any Access Roads will be subject to the provisions of Paragraph 6(A)(iv) herein.

C. Other:

(i) Operator will install culverts on the Lands that may be necessary to maintain present drainage and irrigation otherwise affected by its operations on the Lands.

(ii) If by reason of the activities of the Operator, including, but not limited to, drilling, completing, equipping, and operating of the Wells, there is damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, and for which Owner has not been previously compensated pursuant to Paragraph 5, Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged after the Wells construction and Operator will repair or replace such items after consultation with the Owner within 15 days of occurrence.

(iii) Operator agrees that all trash, refuse pipe, equipment, liquids, chemicals, or other materials brought on the Lands that are not necessary for continued operations of the Wells will be removed and disposed away from the Lands no later than 30 days after the completion of the Wells. No such items will be burned or buried on the Lands.

(iv) After completion of the Wells and in the event of production, the wellheads and all production equipment shall be fenced (production equipment will be fenced only upon request of Owner). Additionally, the well sites shall be kept free and clear of all noxious weeds, unsightly growth and trash either during drilling operations or after completion and production.

(v) All guy line acres for drilling and completion rigs shall be immediately removed after such work is completed.

(vi) Operator will install cattle guards where necessary and shall be responsible for restoring Owner's existing fence to its original condition at any point of access.

7. **DEFAULT AND RIGHT TO CURE.** In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, Owner will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator will have 30 days from receipt of the written notification in which to dispute or otherwise respond to the notification before Owner may allege default.

Except as otherwise agreed in writing, no waiver by Owner of any breach by the Operator of any of its obligations, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Owner to seek a

remedy for any breach by the Operator be deemed to be a waiver by Owner of its rights or remedies with respect to such breach; however in no event will Operator be liable for consequential damages.

8. **INDEMNITY/RELEASE.** Owner hereby releases and agrees to hold harmless Operator from any and all liability and further payment, other than what has been provided herein, for damages on the Lands which arise from, out of or in connection with the Operator's operations on the Lands, but only as to those operations which are described in and permitted by this Agreement, and for those operations which the Amount has been paid and received by Owner pursuant to this Agreement.

Operator agrees to indemnify and hold Owner harmless from any and all claims, damages and causes of action arising out of and caused by Operator's operations on the Lands that may be asserted by any of Operator's agents, employees, subcontractors, contractors or persons entering upon the premises at the request of Operator.

9. **WAIVER OF 30-DAY NOTICE.** Owner hereby waives the minimum 30-day written notice requirement for operations to begin and any other notice or consultation requirements of the COGCC. Without waiving the foregoing, Operator agrees it will provide an initial notice to Owner after it has submitted a request for permit to drill from the COGCC.

10. **NOTICE FOR ADDITIONAL OPERATIONS.** Operator will comply with COGCC rules and regulations requiring that advance notice be provided to Owner for subsequent operations on the Wells, including, but not limited to, reworking operations thereto.

11. **NOTICES.** Notice by either Party will be promptly given, orally if possible (with the exception of the default notice described in Paragraph 7), with subsequent written confirmation sent by United States mail, postage prepaid and addressed to either Party at the address as designated below; or to such other place as either Party may from time to time designate by notice to the other:

Owner

Jack & Shirley Degenhart
21255 US Highway 34
Fort Morgan, CO 80701

Operator

Blue & Gray Energy, Inc
Attention: John M. Hefner
P.O. Box 3768
Parker, CO 80134
Phone: (303) 918-5200
Fax: (303) 840-0186

12. **BINDING EFFECT.** The covenants and conditions herein contained and all of the provisions of this Agreement will inure to the benefit of and will be binding upon the Parties hereto, their respective heirs, representatives, successors or assigns. Owner agrees to contact any and all tenants of Lands or any other third parties utilizing the surface of the Lands that may be affected by Operator's activities on the Lands. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant to this Agreement for the payment of any consideration, if any, due such third party from Owner.

13. **CONFIDENTIALITY.** The Parties agree to keep the terms and conditions of this Agreement confidential and will not disclose such matters to any third party without the advance written consent of the other, or if ordered to do so in a legal proceeding. While the specific terms hereof are to remain confidential between the Parties, Operator or Owner may record a memorandum of this Agreement in Weld County, Colorado.

14. **ENTIRE AGREEMENT.** This instrument contains the entire agreement between the Parties and may not be modified orally or in any other manner other than by agreement in writing signed by all Parties or their respective successors or assigns.

15. **TERMINATION.** ~~If Operator does not commence operations for the Wells within two years from this date, this Agreement will terminate in its entirety without penalty to~~ either Party, or will otherwise be renegotiated. *Jack D.*

16. **COUNTERPARTS.** This Agreement may be executed by facsimile, in counterparts, each of which will be considered an original and enforceable against either Party.

17. **GOVERNING LAW AND VENUE.** This Agreement will be governed by, construed and enforced in accordance with the laws of Colorado. Venue shall be deemed to be in Weld County, Colorado.

18. **ATTORNEY'S FEES AND COSTS.** The Parties agree that the prevailing Party in any action resulting from a breach of this Agreement will be entitled to its reasonable attorneys' fees and costs incurred therein.

19. **AUTHORITY OF SIGNATORIES.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

20. **SUCCESSORS.** This Agreement constitutes a covenant running with the Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, affiliates, administrators, trustees, executors and assigns.

IN WITNESS WHEREOF, the Parties have set their hands, the day and year first written above.

Blue & Gray Energy, Inc.

By: *John M. Hefner*

Name: John M. Hefner, President

Jack Degenhart
Jack Degenhart

5-7-10

Shirley D. Degenhart
Shirley Degenhart

5-7-10

PRIORITY DOCUMENT TRANSMITTAL

TO: _____ DATE: 9/8/10
FROM: Lorraine Blanchard
RE: _____

SELECT ACTION

* ALL BOLDED ITEMS REQUIRED PER ACTION *

☒ **RECORD or E-RECORD:** # _____

COUNTY / PARISH & STATE: Weld, CO 10557940

WELL / PROSPECT / COST CENTER NO.: _____

SPECIAL DISTRIBUTION INSTRUCTIONS: _____

Instructions/Comments: _____

☐ **IMAGE:** # _____

☐ **LEASE:** # _____

PAYMENT SET UP NEEDED / RESPONSIBLE PARTY: _____

Instructions/Comments: _____

☐ **CONTRACT:** # _____

LEASE BY LEASE ACREAGE BREAKDOWN (GROSS/CHK NET) or AG RECORDS REQUIRED

ASN SUBJECT TO AMI OR OTHER CONTRACT: # _____

PAYMENT SET UP NEEDED / RESPONSIBLE PARTY: _____

AMOUNT CHK PAID PER ACRE: \$ _____

/ Instructions/Comments: _____

RECEIVED

SEP 13 2010

LAND ADMIN

CORRECTION
L0557940 ASSIGNMENT OF OIL AND GAS LEASES **Electronically Recorded**
Chesapeake Operating, Inc.

(This Correction Assignment is a correction of that certain Assignment dated the 21st day of April, 2010, recording number 3703923 of the records of Weld County, Colorado, and is for the sole purpose of correcting Exhibit "A" attached thereto. All other terms and provisions of said Assignment remain unchanged and are in full force and effect.)

STATE OF COLORADO)
) §:
COUNTY OF WELD)

Whereas, Blue & Gray Resources, Inc., whose address is P. O. Box 3768, Parker, Colorado 80134, hereinafter after referred to as Assignor, is the owner of the oil and gas leases identified hereinafter.

Now, therefore, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, bargains, sells, conveys, assigns, and delivers unto **Chesapeake Exploration, L.L.C.**, an Oklahoma Limited Liability Company, P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, hereinafter referred to as Assignee, ALL its right, title, and interest in and to the oil and gas leases identified on Exhibit "A" attached hereto and made a part hereof, along with all rights of ingress and egress necessary or convenient for Assignee to establish, conduct and/or maintain production operations.

This Assignment is made subject to all existing leasehold burdens of record, including lessor's royalty, as of April 21, 2010.

Assignor hereby reserves an overriding royalty interest equal to the positive difference between twenty percent (20.0%) and existing leasehold burdens appearing of record, including lessor's royalty, as of April 16, 2010 in and to the leases described on Exhibit "A". Said overriding royalty interest shall be proportionately reduced to the extent (1) the Assigned Lands are pooled, spaced and/or unitized with other lands, (2) the interest assigned hereunder in the Assigned Lands represents less than one hundred percent (100.0%) of the leasehold covering said lands and/or (3) the leasehold assigned hereunder covers less than one hundred percent (100.0%) of the mineral estate in said lands. This overriding royalty interest shall extend to and apply to all lease renewals obtained before the expiration of the Lease, or taken within six (6) months after the expiration of the Lease, pursuant to the terms of the above said unrecorded Letter Agreement.

Assignor, at its option, may without further approval from Assignee pool or combine the Leases or any portion thereof with other lands or lease(s) to comprise a unit or units in order to properly develop and operate the Leases. In the event that all or a portion of the Leases is so pooled and combined, it is agreed that the hereinabove specified overriding royalty on the production from such units shall be computed in the proportion that the acreage which is covered by the Leases included in such unit bears to the total acreage contained in such unit.

This Assignment is subject to all the applicable terms and provisions of that certain unrecorded Letter Of Intent Agreement dated April 21, 2010, by and between Assignor and Assignee.

This Assignment is made without warranty of title, either express or implied, except as to conveyance or encumbrances by, through, or under Assignor.

The terms and provisions hereof shall extend to and be binding upon Assignor and Assignee and their respective heirs, successors and assigns.

Executed this 12TH day of August 2010, however effective April 21, 2010.

BLUE & GRAY RESOURCES, INC.,
ASSIGNOR

ASN 433341 - 0002

By: [Signature], President
John Hefner, President

CHESAPEAKE EXPLORATION, L.L.C., AN
OKLAHOMA LIMITED LIABILITY COMPANY,
ASSIGNEE

By: N/A
Henry J. Hood, Senior Vice President - Land
and Legal & General Counsel

ACKNOWLEDGMENT

STATE OF COLORADO)
COUNTY OF Douglas) §:

This instrument was acknowledged before me this 12 day of AUGUST 2010,
by John Hefner as President of Blue & Gray Resources, Inc.

My Commission Expires:
07/17/13
[SEAL]
Commission No.: _____

[Signature]
Notary Public
LAURA PICKER
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 07/17/2013

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) §:

This instrument was acknowledged before me this ____ day of _____ 2010,
by Henry J. Hood, Senior Vice President - Land and Legal & General Counsel of
Chesapeake Exploration, L.L.C., an Oklahoma Limited Liability Company, on behalf of
said limited liability corporation.

My Commission Expires:
[SEAL]
Commission No.: _____

Notary Public

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Oil and Gas Leases from Blue and Gray Resources, Inc., as Assignor, to Chesapeake Exploration, L.L.C., as Assignee, effective April 21, 2010, covering lands located in Weld County, Colorado

<u>Lessor</u>	<u>Lessee</u>	<u>Lease Date</u>	<u>BK/Pg</u>	<u>Twn</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560256	8N	65W	24	SE/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560257	8N	65W	24	SW/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560258	8N	65W	24	NE/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560257	8N	65W	26	NE/4 Section 26-8N-65W, Weld County, Colorado
Margaret Rogers	Blue & Gray Resources, Inc.	6/1/2008	3600602	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
							Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
Vera M. Hoff	Blue & Gray Resources, Inc.	6/1/2008	3600603	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
							Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
Shirley L. Degenhart	Blue & Gray Resources, Inc.	6/1/2008	3560283	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado

It is Assignor's intent to convey to Assignee all of Assignor's right, title and interest in and to the identified sections on Exhibit A, all in Weld County, Colorado regardless of the omission of any particular lease or leases, errors in description, incorrect or misspelled names or incorrect recording references as to the leases described herein.

END OF EXHIBIT "A"

Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

CORRECTION
L0557940 ASSIGNMENT OF OIL AND GAS LEASES **Electronically Recorded**
Chesapeake Operating, Inc.

(This Correction Assignment is a correction of that certain Assignment dated the 21st day of April, 2010, recording number 3703923 of the records of Weld County, Colorado, and is for the sole purpose of correcting Exhibit "A" attached thereto. All other terms and provisions of said Assignment remain unchanged and are in full force and effect.)

STATE OF COLORADO)
) §:
COUNTY OF WELD)

Whereas, Blue & Gray Resources, Inc., whose address is P. O. Box 3768, Parker, Colorado 80134, hereinafter after referred to as Assignor, is the owner of the oil and gas leases identified hereinafter.

Now, therefore, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby grants, bargains, sells, conveys, assigns, and delivers unto **Chesapeake Exploration, L.L.C.**, an Oklahoma Limited Liability Company, P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, hereinafter referred to as Assignee, ALL its right, title, and interest in and to the oil and gas leases identified on Exhibit "A" attached hereto and made a part hereof, along with all rights of ingress and egress necessary or convenient for Assignee to establish, conduct and/or maintain production operations.

This Assignment is made subject to all existing leasehold burdens of record, including lessor's royalty, as of April 21, 2010.

Assignor hereby reserves an overriding royalty interest equal to the positive difference between twenty percent (20.0%) and existing leasehold burdens appearing of record, including lessor's royalty, as of April 16, 2010 in and to the leases described on Exhibit "A". Said overriding royalty interest shall be proportionately reduced to the extent (1) the Assigned Lands are pooled, spaced and/or unitized with other lands, (2) the interest assigned hereunder in the Assigned Lands represents less than one hundred percent (100.0%) of the leasehold covering said lands and/or (3) the leasehold assigned hereunder covers less than one hundred percent (100.0%) of the mineral estate in said lands. This overriding royalty interest shall extend to and apply to all lease renewals obtained before the expiration of the Lease, or taken within six (6) months after the expiration of the Lease, pursuant to the terms of the above said unrecorded Letter Agreement.

Assignor, at its option, may without further approval from Assignee pool or combine the Leases or any portion thereof with other lands or lease(s) to comprise a unit or units in order to properly develop and operate the Leases. In the event that all or a portion of the Leases is so pooled and combined, it is agreed that the hereinabove specified overriding royalty on the production from such units shall be computed in the proportion that the acreage which is covered by the Leases included in such unit bears to the total acreage contained in such unit.

This Assignment is subject to all the applicable terms and provisions of that certain unrecorded Letter Of Intent Agreement dated April 21, 2010, by and between Assignor and Assignee.

This Assignment is made without warranty of title, either express or implied, except as to conveyance or encumbrances by, through, or under Assignor.

The terms and provisions hereof shall extend to and be binding upon Assignor and Assignee and their respective heirs, successors and assigns.

Executed this 12TH day of August 2010, however effective April 21, 2010.

BLUE & GRAY RESOURCES, INC.,
ASSIGNOR

[Handwritten Signature]

By: [Signature], President
John Hefner, President

**CHESAPEAKE EXPLORATION, L.L.C., AN
OKLAHOMA LIMITED LIABILITY COMPANY,
ASSIGNEE**

By: N/A
Henry J. Hood, Senior Vice President - Land
and Legal & General Counsel

ACKNOWLEDGMENT

STATE OF COLORADO)
) §:
COUNTY OF Douglas)

This instrument was acknowledged before me this 12 day of AUGUST 2010,
by John Hefner as President of Blue & Gray Resources, Inc.

My Commission Expires:
07/17/13
[SEAL]
Commission No.: _____

[Signature]
Notary Public
LAURA PICKER
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 07/17/2013

ACKNOWLEDGMENT

STATE OF OKLAHOMA)
) §:
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me this ____ day of _____ 2010,
by Henry J. Hood, Senior Vice President - Land and Legal & General Counsel of
Chesapeake Exploration, L.L.C., an Oklahoma Limited Liability Company, on behalf of
said limited liability corporation.

My Commission Expires: _____
[SEAL]
Commission No.: _____
Notary Public

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Oil and Gas Leases from Blue and Gray Resources, Inc., as Assignor, to Chesapeake Exploration, L.L.C., as Assignee, effective April 21, 2010, covering lands located in Weld County, Colorado

<u>Lessor</u>	<u>Lessee</u>	<u>Lease Date</u>	<u>BK/Pg</u>	<u>Twn</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560256	8N	65W	24	SE/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560257	8N	65W	24	SW/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560258	8N	65W	24	NE/4 Section 24-8N-65W, Weld County Colorado
Judith May	Blue & Gray Resources, Inc.	5/14/2008	3560257	8N	65W	26	NE/4 Section 26-8N-65W, Weld County, Colorado
Margaret Rogers	Blue & Gray Resources, Inc.	6/1/2008	3600602	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
							Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
							Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
Vera M. Hoff	Blue & Gray Resources, Inc.	6/1/2008	3600603	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado
Shirley L. Degenhart	Blue & Gray Resources, Inc.	6/1/2008	3560283	6N	62W		Section 3: S/2; Section 4: N/2, & SE/4 (less & Except N/2 SE/4 of Section 4) Section 9: ALL; Section 10: W/2 & W/2 SE/4 Section 15: W/2 & W/2 E/2 all in Weld County, Colorado

It is Assignor's intent to convey to Assignee all of Assignor's right, title and interest in and to the identified sections on Exhibit A, all in Weld County, Colorado regardless of the omission of any particular lease or leases, errors in description, incorrect or misspelled names or incorrect recording references as to the leases described herein.

END OF EXHIBIT "A"

Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

Call