

FIRST AMENDMENT TO SURFACE USE AGREEMENT

This **FIRST AMENDMENT TO SURFACE USE AGREEMENT** (the "Amendment") is made and entered into this _____ day of _____, 2011, by and between **K.P. KAUFFMAN COMPANY, INC.** and/or its assignee ("KPK"), whose address is 1675 Broadway, Suite 2800, Denver, Colorado 80202 and **SJK, LLC**, a Colorado limited liability company ("Surface Owner"), whose address is 18496 County Road 17, Johnstown, Colorado 80534. KPK and Owner shall be referred to as "Party" and collectively as "Parties".

RECITALS

A. Surface Owner is the owner of the surface and mineral estates in property located in Weld County, Colorado, described as follows and hereinafter referred to as the "Property:"

TOWNSHIP 4 NORTH – RANGE 67 WEST, 6TH PM
SECTION 33: Lot B of Recorded Exemption No. 1059-33-2-RE1909
Also known as part of the NW/4

B. Surface Owner has the right to use its surface estate to the fullest extent possible with due regard to the owners and lessees of the mineral estate.

C. KPK is the holder of certain oil and gas leasehold rights acquired from Surface Owner as Lessor under a Lease dated September 8, 2008 and recorded on October 3, 2008, at Reception Number 3582268 in the Office of the Clerk and Recorder of Weld County, Colorado, and as such KPK has the right to explore for, develop, drill for and produce certain oil, gas and other hydrocarbons that underlie the Property, with due regard for the owner of the surface estate.

D. The Parties entered into that certain Surface Use Agreement dated September 8, 2008, and recorded on October 3, 2008, at Reception Number 3582270 in the Office of the Clerk and Recorder of Weld County, Colorado (the "SUA"), which provides for the compatible operation and development of the surface estate and the oil and gas leasehold estate.

E. In the SUA, the Parties identified specific names and surface locations for existing and future oil and gas wells, identified and referred to in the SUA as "Oil and Gas Operations Areas" or "OGOAs", described in Exhibit "C" attached and made a part thereto. The Parties further identified access to the OGOAs, identified and referred to in the SUA as the "Access Road" and described in Exhibit "C" attached and made a part thereto, and pipeline easements, identified in and referred to in the SUA as "Lines" or "Pipelines" and identified in Exhibit "C" attached and made a part thereto.

F. The purpose of this Amendment is to add two future oil and gas wells to the existing OGOA and to identify the access roads and pipeline easements associated with the oil and gas wells on the Property.

NOW THEREFORE, in consideration of the covenants and mutual promises set forth herein, the Parties agree, to the extent of each of their respective interests in the Property only, as follows:

1. Term Used within the SUA. A term used in this Amendment shall have the same meaning as the term is used in the SUA.

2. Addition of the Koester #18-33-5 and the Koester #18-33-22 Wells. The Parties hereby amend the SUA to allow KPK to permit and drill the Koester #18-33-5 well and the Koester #18-33-22 COGCC 318.A(e) well from the OGOA depicted on Exhibit "A" and Exhibit "B" attached and made a part hereto. The surface and bottomhole locations for the two additional wells are identified and depicted on Exhibit "B" attached hereto.

3. Addition of the Koester #18-33-5 and the Koester #18-33-22 Wells to the Battery Location. The Parties hereby amend the SUA to add the two wells named herein to the Battery Location depicted on Exhibit "A" attached hereto.

4. Drilling of the Wells. The Parties hereby agree that KPK shall drill the Koester #3-33-3, Koester #18-33, Koester #18-33-4, and the Koester #18-33-6 wells, identified on Exhibits "A" and "B" attached hereto, consecutively prior to the end of the Primary Term of the existing Oil and Gas Lease dated September 8, 2008, and referenced herein. KPK shall have the right to drill the remaining wells identified on Exhibits "A" and "B" attached hereto at such times to be determined by KPK in the future.

5. Identification of the Access Roads and Pipeline Easements. The Parties hereby amend the SUA to allow KPK to use the Access Roads depicted on Exhibit "B" and individually labeled "Access Road." The Parties hereby amend the SUA to identify KPK's Pipeline Easements as those locations depicted on Exhibit "B" and individually labeled "Pipeline Easement."

6. The Agreement Continues in Effect/Conflicts. Except as specifically amended by this Amendment, the terms and conditions included in the SUA shall continue in full force and effect. In the event of a conflict between this Amendment and the SUA as to the matter covered herein, this Amendment shall control.

7. Binding on Successors and Assigns/Covenant that Runs with the Land. This Amendment and the SUA are binding upon the Parties and their successors and assigns and inure to their benefit. This Amendment and the SUA shall be covenants that run with the land.

8. Counterpart Execution. This Amendment may be executed in counterparts, each of which shall be deemed an original, and together shall constitute one and the same instrument.

9. Recording. This Amendment shall be recorded with the Clerk and Recorder of Weld County.

IN WITNESS WHEREOF the undersigned Parties have caused this Agreement to be executed by a duly authorized representative on the day and year first above written.

K. P. KAUFFMAN COMPANY, INC.

SJK, LLC

By _____
Kevin P. Kauffman
President and C.E.O.

By _____
Elaine Koester
Manager

