

## OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 18th day of December, 2008, by and between DELBERT W. MYERS and JIMMIE SUE MYERS, husband and wife, whose address is 1 NEEDHAM PLACE, WILLIAMSBURG, CO 81226-9477, ("Lessor"), (whether one or more) and Pine Ridge Oil & Gas, LLC, with an office at 600 17th Street, Suite 800-S, Denver CO 80202-5402, ("Lessee").

WITNESSETH, For and in Consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, its successors and assigns, with the exclusive rights for the purposes of drilling (including but not limited to straight, directional or horizontal wells), mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface or subsurface rights and privileges related in any manner to any and all such operations, including the injection of water, brine and other substances into the subsurface, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in Fremont County, State of Colorado, described to wit:

Township 19 South, Range 69 West, 6th P.M.  
Section 19: Lots 1 through 5, and Outlot A, of Quail Run Subdivision #3, City of  
Williamsburg (**Assessor #s 99904520, 99904533**)

together with all lakes, streams, roads, easements, and rights-of-way which traverse or adjoin said lands owned or claimed by Lessor, or which may hereinafter be established to be owned by Lessor, and also in addition to the above described lands and rights, any and all strips or parcels of land other than those constituting regular governmental subdivisions, adjoining or contiguous to the above described land owned or claimed by Lessor, all of the above described lands being hereinafter referred to as (the "Premises") and containing 31.82 acres, more or less.

### THIS LEASE IS SUBJECT TO A LETTER AGREEMENT OF EVEN DATE.

Wherever the term twelve and one-half percent (12.5 %) appears herein, it shall by this reference be amended to read fifteen percent (15%).

1. It is agreed that this Lease shall remain in full force for a term of three (3) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than one hundred fifty (150) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within one hundred fifty (150) days from date of cessation of production or from date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith. If at the expiration of this Lease, Lessee has in use surface or subsurface easements granted to Lessee pursuant to the terms hereof, such easements shall survive the termination of this Lease for as long thereafter as so utilized by Lessee.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or any portion of the Premises and as to any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. The royalties to be paid by Lessee are: (a) on oil and other liquid hydrocarbons, twelve and one-half percent (12.5 %) of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of products therefrom, the market value at the well of twelve and one-half percent (12.5 %) of the product sold or used. On product sold at the well, the royalty shall be twelve and one-half percent (12.5 %) of the net proceeds realized from such sale. All royalties paid on gas sold or used off the Premises or in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to gross production and severance taxes, gathering and transportation costs from the wellhead to the point of sale, treating, compression, and processing. On product sold at the well, the royalty shall be twelve and one-half percent (12.5 %) of the net proceeds realized from such sale, after deducting from such royalty Lessor's proportionate amount of all of the above post-production costs and expenses, if any.


4. Where gas from a well capable of producing gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of one hundred twenty (120) days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this Lease during the period such well is shut in or dewatering operations are being conducted.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without ~~written~~ written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations ~~beginning with~~ beginning with on the Premises. 

10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

11. The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the Premises and as to any one or more of the formations thereunder, to pool or unitize the leasehold estate and the mineral estate covered by this Lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling, reworking or

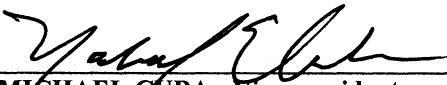
Print Address

LETTER AGREEMENT

This Letter Agreement is part of that certain Oil and Gas Lease dated December 18th, 2008, by and between DELBERT W. MYERS and JIMMIE SUE MYERS, husband and wife, as Lessor(s), and Pine Ridge Oil & Gas, LLC, as Lessee.

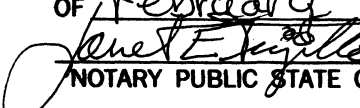
Notwithstanding the other provisions of this lease, for the consideration herein recited, Lessor hereby grants to Lessee the exclusive right and option to extend the primary term of this lease for Two (2) additional years ("Extended Primary Term"). The full consideration payable to Lessor by Lessee ("Extension Payment") should Lessee so elect to extend this lease shall be \$63.44 (Sixty Three and 44/100 Dollars U.S.) per net acre of mineral interest covered hereby to be paid on or before the end of the primary term of this lease. Lessor hereby agrees to execute a recordable document confirming such extension upon its receipt of the extension payment.

Lessor shall have the right to use gas produced from any well located on the leased premises and not needed for Lessee's operations for stoves, furnace and inside lights in a single principal residential dwelling located on the leased premises. Lessor shall bear sole risk, cost, expense, liability and responsibility of any pipeline used by Lessor to transport such gas and shall not make any gas pipeline connections without the prior written consent of Lessee and with Lessee's representative at the location at the time of connection. Lessor understands and recognizes that the gas delivered by the Lessee is production gas that is high pressure, explosive, flammable and odorless and does not meet pipeline quality standards. Lessor agrees that any gas taken or used by Lessor will be at Lessor's sole risk, cost, expense, liability and responsibility. Lessor hereby indemnifies and holds harmless Lessee, its successors and assigns, from any liability, loss, risk, expense, cost, damage to property or injury or death to any person or persons incurred or arising out of the taking or using of this gas even if caused by or attributable to the sole, joint or concurrent negligence of Lessee.

  
MICHAEL CUBA - Vice-president  
Pine Ridge Oil & Gas, LLC

Michael Cuba —  
SUBSCRIBED AND AFFIRMED, OR SWORN

TO BEFORE ME IN THE COUNTY OF Fremont  
STATE OF COLORADO THIS 25th DAY  
OF February, 2009

  
NOTARY PUBLIC STATE OF COLORADO

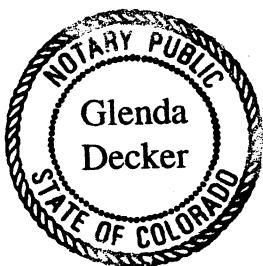
MY COMMISSION EXPIRES: Nov. 13, 2010

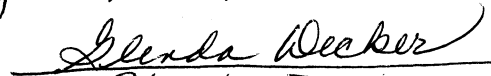
Signed for Identification:

  
DELBERT W. MYERS

  
JIMMIE SUE MYERS

Delbert W. Myers and Jimmie Sue Myers personally  
appeared before me on January 23, 2009.



  
Glenda Decker  
Notary Public  
Comm. Exp 5-19-2012

Pine Ridge Oil & Gas, LLC | a subsidiary of Comet Ridge Resources, LLC

600 17th Street, Suite 800-S, Denver, Colorado 80202 | Telephone: +1 (303) 226 1300, Facsimile: +1 (303) 226 1301 | [www.pineridgeoilandgas.com](http://www.pineridgeoilandgas.com)