

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 jointly 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 ~~causing~~ ^{causing} on the Premises. *Calvin*

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

dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market under this Lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive royalties on production from such unit only on the portion of such production allocated to this Lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this Lease and included in the Unit bears to the total number of surface acres in such Unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the Premises as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this Lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this Lease, expressed or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this Lease shall not terminate or expire during the life of such plan or agreement. In the event that the Premises or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All expressed or implied covenants of this Lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Premises, insofar as said right of dower and homestead may in any way affect the purposes for which this Lease is made, as recited herein.

15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor", as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Delbert W. Myers
DELBERT W. MYERS

Jimmie Sue Myers
JIMMIE SUE MYERS

STATE OF COLORADO } **ACKNOWLEDGMENT—INDIVIDUAL**
 }ss.
 COUNTY OF FREMONT }

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 23 day of Jan, 2009, before me personally appeared DELBERT W. MYERS and JIMMIE SUE MYERS, husband and wife, to me known to be the identical person(s), described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.



Glenda Decker
 Notary Public

Glenda Decker
 Print Name

401 E. Main, Unit A, Florence, CO 81226
 Print Address

STATE OF } **ACKNOWLEDGMENT (For use by Corporation)**
 }ss.
 COUNTY OF }

On this ___ day of _____, _____, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that _____ is the of _____ and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said _____ acknowledged said instrument to be a free act and deed of said corporation.

Witness my hand and seal this ___ day of _____, A.D. _____.

Notary Public

[SEAL]

Print Name

My Commission Expires _____

Print Address

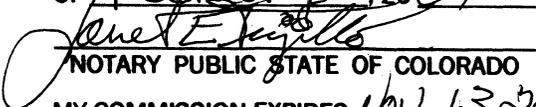
LETTER AGREEMENT

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

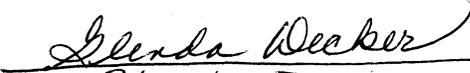
Michael Cuba
SUBSCRIBED AND AFFIRMED, OR SWORN
TO BEFORE ME IN THE COUNTY OF Fremont
STATE OF COLORADO THIS 25th DAY
OF February, 2009

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

