

**MEMORANDUM of SURFACE USE and DAMAGES AGREEMENT and
EASEMENT**

State: Colorado

County: Lincoln

Effective May 1, 2013, Pine Ridge Oil and Gas, LLC whose address is 600 17th Street, Suite 800-S, Denver, CO 80202, ("Pine Ridge"), and Paul M. Palmer & Ann Palmer, trustees of the Paul M. Palmer and Ann Palmer Living Trust, whose address is c/o Bert Clay 36470 County Rd 39, Hugo, Colorado 80821 ("Surface Owner") entered into a confidential Surface Use and Damages Agreement and Easement ("The Agreement").

The Agreement references the following lands ("The Lands"):

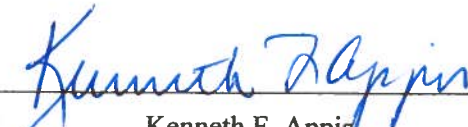
Township 12 South, Range 53 West, 6th P.M.
Section 3: NE/4

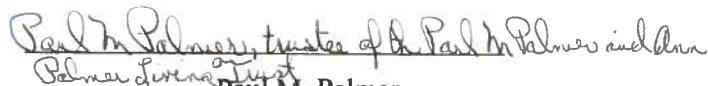
Lincoln County, Colorado

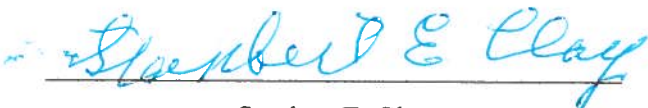
The Surface Owner has, by The Agreement, granted Pine Ridge the right to drill and complete oil gas wells, to construct, install and maintain access roads, production equipment and facilities such as electric lines, flow lines, gas pipelines, separators, treaters, tank batteries and any other facilities necessary or convenient for the production, transportation, gathering and sale of oil and/or gas from the Wells on The Lands, and;

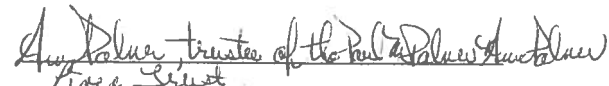
Pine Ridge, its Successors and Assigns agree to execute and deliver to the Surface Owner, upon termination of its use of The Lands, a release, suitable for recording, to terminate the rights contained therein.

IN WITNESS WHEREOF, I have set my hand effective as of the day and year first above written.


Kenneth F. Appis
Director of Land and Business Development
Pine Ridge Oil & Gas, LLC


Paul M. Palmer
trustee of the Paul M. Palmer and Ann Palmer
Living Trust (Surface Owner)


Stanbert E. Clay


Ann Palmer
trustee of the Paul M. Palmer and Ann Palmer
Living Trust (Surface Owner)