

DECLARATION OF POOLED UNIT

STATE OF COLORADO §
 §
COUNTY OF LINCOLN §

This Declaration of Pooled Unit is executed by the undersigned party PINE RIDGE OIL & GAS, LLC, who is the owner and Operator of the leasehold estate created under those oil, gas and mineral leases and memorandums of oil, gas and mineral leases, all described in Exhibit "A", which exhibit is attached to and incorporated by reference into this Declaration of Pooled Unit (collectively referred to as the "Unit Leases" or "Leases").

Each of the Unit Leases authorizes the Lessee to pool, unitize, or combine all or a portion of the lands covered by the Leases with other land, lands, lease, or leases, to form a Pooled Unit for the exploration, development, and production of oil, gas, and associated constituent hydrocarbons from the lands covered by the Unit Leases.

The pooling, unitization, and combination of the Unit Leases to form the Pooled Unit, described below, is necessary and advisable, in the judgment of PINE RIDGE OIL & GAS, LLC, to develop and produce oil and gas from the Unit Leases on and covering the described lands in the county and state named above:

Township 12 South, Range 53 West, 6th P.M.

Section 5: The West 1,098 feet of the South 924 feet of the SE/4SE/4

The East 222 feet of the South 924 feet of the SW/4SE/4

Section 8: The West 1,098 feet of the North 396 feet of NE/4NE/4

The East 222 feet of the North 396 feet of NW/4NE/4

Containing 40.00 acres, more or less

1. **Declaration of Unit.** In consideration of the premises and pursuant to and in accordance with the terms and provisions of the Unit Leases, PINE RIDGE OIL & GAS, LLC pools, unitizes, and combines the Unit Leases, including all renewals, extensions, ratifications, and amendments of the Unit Leases and the lands covered by those Leases and the mineral and/or royalty estates in the lands subject to the Leases into a unit for the exploration, development, and production of oil, gas, and associated hydrocarbons (the "Unit").

2. **Description of Unit Area.** The Unit Area includes the Unit Leases described on Exhibit "A" and is further depicted on Exhibit "B", both of which are attached to and incorporated by reference into this Declaration for all purposes, but only as to oil, gas, and associated and constituent hydrocarbons produced from a well or wells located within the Unit Area and classified by the Colorado Oil and Gas Conservation Commission, the conservation agency having jurisdiction, as an oil well.

Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each tract bears to the total number of surface acres in the Unit. If at any time any tract of land or interest within the Unit is not properly pooled or unitized by this Declaration, or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair, or otherwise invalidate the Unit as to any interest pooled or unitized by this Declaration.

3. **Unit Name.** The Pooled Unit created by this Declaration shall be known as the Tornado Unit, containing 40.00 acres, more or less.

4. **Additional Interest Included.** In the event PINE RIDGE OIL & GAS, LLC, as of the effective date of this Declaration, owns any leasehold interest or mineral and/or royalty interest other than those specifically described or referred to in this Declaration which cover lands within the Unit Area, or any interest for which ratification of the Unit created by this Declaration is necessary, those interests are hereby pooled and combined into the Unit, without the necessity of specifically enumerating such interest or interests or the specific land which they cover or in which they are held.

5. **Right to Amend.** The undersigned expressly reserves the right, from time to time, to amend this Declaration of Pooled Unit, and its terms and provisions, and to change the size and area of and interests covered by the Unit, including, without limitation, the power: (i) to change, reduce, enlarge, or extend the size or configuration of the Unit Area; (ii) to include any other formation or formations and any other mineral or minerals in, under, or produced from the Unit, all in accordance with the terms and provisions of the Unit Leases; (iii) to include in the Unit or in any amendments, oil, gas, and mineral leases, or interests in the lands described, covering interests in the Unit Area, which are secured or obtained subsequent to the effective date of this Declaration, or prior to the effective date of this Declaration, and not included and described in this Declaration; and, (iv) to include in the Unit Area or in any amendments, full or undivided interests in the Unit Area which are not otherwise included by the owner of such full or undivided interests. Any amendment may be executed by the Operator of the Unit on behalf of the undersigned, provided that the amendment will not change the interests of the working interest owners in the Unit.

6. **Dissolution of Unit.** The Unit formed may be dissolved by the Operator of the Unit on behalf of the undersigned, at any time, by an instrument filed in the official records of the county in which the Unit is located, for any reason, including any failure to establish unit production, or after cessation of operations upon the Unit.

7. **Ratification of Unit.** This Declaration may be ratified by other parties by separate instruments in writing, referring to this Declaration. This Declaration of Pooled Unit, and each counterpart or ratification of it shall be binding on each party who executes it, without regard to whether any other party owning an interest in the Unit Leases or Unit Area may execute this Declaration, or a counterpart or ratification of it.

8. **Successors and Assigns.** This Declaration of Pooled Unit shall be binding on the heirs, representatives, successors and assigns, as applicable, of the undersigned and the lessors and lessees in the Unit Leases identified in Exhibit "A".

9. **Effective Date.** The Unit created by this Declaration shall be effective as of the date below and shall remain in force and effect by production of oil and gas or as long as drilling or reworking operations are being conducted on the lands within the Unit, or so long as the Unit Leases are maintained in force and effect by payment or tender of shut-in royalties, or by other means, in the manner provided for under the terms of the Leases, so long as the Unit has not been terminated or dissolved.

This Declaration of Pooled Unit is made and entered into effective this 23rd day of JUNE, 2013 by the party below.

Unit Operator:



Kenneth F. Appis

Pine Ridge Oil & Gas, LLC

Director of Land

STATE OF COLORADO §
 §
COUNTY OF LINCOLN §

The foregoing instrument was acknowledged before me this 2nd day of ~~June~~ July, 2013 by Kenneth F. Appis, Director of Land for Pine Ridge Oil & Gas, LLC, a Delaware Limited Liability Corporation, on behalf of that Corporation.



Carl A. Boecher – Notary Public

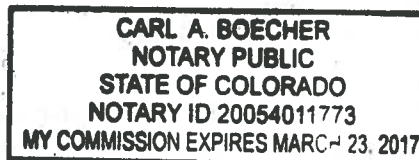


EXHIBIT "A"
DECLARATION OF POOLED UNIT
TORNADO UNIT
LINCOLN COUNTY, COLORADO

Unit Leases:

- 1) Lessor: Robert C. Norris and Jane W. Norris, his wife
Lessee: Mull Drilling Company, Inc.
Date: September 9, 1980
Recorded: Bk 314, Pg 445
- 2) Lessor: Cobank, FCB, successor to U.S. AgBank, FCB
Lessee: Comet Ridge Resources LKE Holdings, LLC
Date: April 9, 2012
Recorded: Reception #338594
- 3) Lessor: Susan M. Castillo, a married person dealing in her sole and separate property
Lessee: Pine Ridge Oil & Gas, LLC
Date: August 1, 2012
Recorded: Reception #339590 (Memorandum)
- 4) Lessor: Warren Craig Maurer, a married person dealing in his sole and separate property
Lessee: Pine Ridge Oil & Gas, LLC
Date: August 1, 2012
Recorded: Reception #339588 (Memorandum)
- 5) Lessor: Arthur Ford Maurer, married person dealing in his sole and separate property
Lessee: Pine Ridge Oil & Gas, LLC
Date: August 1, 2012
Recorded: Reception #339589 (Memorandum)
- 6) Lessor: Stephen B. Theobald
Lessee: Pine Ridge Oil & Gas, LLC
Date: September 1, 2012
Recorded: Reception #339653 (Memorandum)

7) Lessor: Daniel F. Theobald
Lessee: Pine Ridge Oil & Gas, LLC
Date: September 1, 2012
Recorded: Reception #339652 (Memorandum)

EXHIBIT "A" DECLARATION OF POOLED UNIT
TORNADO UNIT LINCOLN COUNTY, COLORADO
(Continued)

8) Lessor: David M. Theobald
Lessee: Pine Ridge Oil & Gas, LLC
Date: October 1, 2012
Recorded: Reception #339803 (Memorandum)

9) Lessor: Claire E. Theobald
Lessee: Pine Ridge Oil & Gas, LLC
Date: September 24, 2012
Recorded: Reception # 339974 (Memorandum)

10) Lessor: Stanbert E. Clay and Alice A. Clay
Lessee: T.S. Dudley Land Company
Date: effective March 5, 2009
Recorded: Reception #331003

11) Lessor: Steven E. Clay married man sole separate dealing in his sole separate property
Lessee: T.S. Dudley Land Company
Date: effective March 5, 2009
Recorded: Reception #331004

12) Lessor: Almeda Ann Palmer aka Almeda Ann Copper a married woman, dealing in her
sole separate property
Lessee: T.S. Dudley Land Company
Date: effective March 5, 2009
Recorded: Reception #331005

13) Lessor: Sylvia R. Vick aka Sylvia R. Easton
Lessee: T.S. Dudley Land Company
Date: effective March 5, 2009
Recorded: Reception #331006

the location of Tornado 12-53-8-2 to be 230 feet FNL, and 2315 feet FEL, (90° off Section lines) of SECTION 8, Township 12s, Range 53w of the 6th Principal Meridian, and Tornado 12-53-8-2 (BHL) to be 264 feet FSL, and 882 feet FEL, (90° off Section lines) of SECTION 5, Township 12s, Range 53w of the 6th Principal Meridian Lincoln County, Colorado.

EXHIBIT "B"

DECLARATION OF POOLED UNIT

TORNADO UNIT

LINCOLN COUNTY, COLORADO

