

SURFACE USE AGREEMENT

State: Colorado

County: Crowley

Lessor: Trainor Ranch, William J. Trainor, Owner

22144 Road U.

Sugar City, Colorado 81076

Telephone 719-569-0965

Lessee &

Operator: VAL Energy, Inc.

200 West Douglas, Suite 520

Wichita, Kansas 67202

Telephone 316-263-6688

Effective Date: December 2, 2013

Lessor and Lessee/Operator hereby agree that the Surface Use Agreement and Damage settlement has been agreed to by both parties to this Agreement as to the following described lands all located in Crowley County, Colorado.

Drilling Location - 1520 feet FNL & 1010 feet FEL of Section 2-20S-56W,

Access to the Location will begin from County Road U South into Section 26-19S-56W; continuing South into Section 25-19S-56W; thence Southerly through Section 35-19S-56W; into Section 2-20S-56W, to the Drilling Location, approximately 12,815 feet; as more fully described on the attached Exhibit "A" attached hereto and made a part hereof to this Agreement.

Lessee/Operator has agreed to pay and Lessor has agreed to accept the following as full payment for any and all damages, if any, that may occur in connection with Lessee's/Operator's operations on the Lands under the terms of the Lease:

1. The sum of \$ 2,500. for each drill site location which shall include the access trail or road to and from the drill site location.
2. For any accident resulting in the death of cattle caused by Lessee's/ Operator's operations, the market value, on the date of the accident, of the cattle killed.
3. Other items which Lessor and Lessee/Operator may agree upon by supplements to this Agreement.

The agreed on amounts for damages, as set out above, are the total sums to be paid by Lessee/Operator to Lessor for any specified damages, unless excessive additional damages are incurred. Lessor agrees that the consideration recited is adequate and the full payment for such damages, ~~Subject To Attachment A,~~

This Agreement is signed by Lessor and Lessee as of the Effective Date stated above.

Lessor William J. Trainor
Trainor Ranch, William J. Trainor, Owner

Lessee/Operator VAL Energy, Inc. Todd Allam, President
VAL Energy, Inc. Todd Allam, President

Attachment A-

To-Surface Use Agreement Between Val Energy, Inc./Operator
And Trainor Ranch Inc.

In accordance with verbal representations of agents of Val Energy, Inc. to William J. Trainor, President of Trainor Ranch Inc. the described access road shall be a two track trail from Road U. to the drilling site. Should Val Energy, Inc. determine that a graded access road be required then Val Energy shall reimburse Trainor Ranch Inc. for all expenses required to re-seed said road bed and provide protective measures to shield it and surrounding areas from wind and water erosion. Those measures and related costs to be determined from a study performed by the range manager of the local NRCS office. In like manner should there be excessive damage in regard to a two track trail caused by movement of equipment or access or egress of vehicles during muddy conditions then additional costs of restoring and revegetation and protection of those areas from wind and water erosion shall be determined as above and result in additional payment to cover all costs in excess of \$2,500. .