

Received

MAR 14 2013

## ASSIGNMENT OF OIL AND GAS LEASES

This Assignment of Oil and Gas Leases (the "Assignment"), effective as of December 31, 2012, at 11:59 p.m. local time (the "Effective Time"), is from TSK Enterprises (U.S.A.), Inc., a Delaware corporation, having an address of 2901 28th Street, Suite 205, Santa Monica, California 90405; and E. H. Sato, LLC, a Colorado limited liability company, having an address of 2901 28th Street, Suite 205, Santa Monica, California 90405 (collectively, the "Assignors") to Sundance Energy, Inc., a Colorado corporation having an address at 633 17<sup>th</sup> St., Ste. 1950, Denver Colorado 80202 ("Assignee").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor has transferred, granted, bargained, sold, conveyed and assigned, and does hereby transfer, grant, bargain, sell, convey and assign, to Assignee the following (the "Assets"):

- A. All of Assignor's right, title, interest and obligations in, to and under the oil and gas leases described in **Exhibit A** attached hereto (the "Leases") but only insofar as the Leases cover the land (the "Assigned Land") and formations described in Exhibit A (the "Assigned Depths");
- B. All of Assignor's right, title, interest and obligations in, to and under the contracts and agreements that benefit or burden the Leases as to the Assigned Lands and the Assigned Depths, and the Pipeline (the "Agreements"), including, without limitation, operating agreements, marketing agreements, pooling agreements, rights of way, easements, surface agreements, gas sale contracts, and gas processing contracts all as is set forth on **Exhibit D** hereto;
- C. To the extent assignable, all governmental permits, licenses, authorizations, and orders as well as any applications for the same, related to the Leases as to the Assigned Land and Assigned Depths ("Government Instruments"); and
- D. The files, records, seismic, seismic interpretation, electronic data bases, seismic licensing and other documentary information (the "Information") relating to the foregoing that are in Assignors' possession and are not subject to third-party confidentiality restrictions and are not protected by Assignors' attorney-client privilege. The Information does not include any reserve reports, appraisals or other evaluation materials related to the Assets or any of Assignors' income tax returns or files related thereto.

To have and to hold the Assets unto Assignee and its successors and assigns forever.

Assignor reserves from the assignment of the Leases, Assigned Land and Assigned Depths hereunder, and retains exclusive ownership, operation and control of, and all liability and obligations relating to, all lands covered by the Leases other than the Assigned Land and all depths above the Assigned Depths, together with the right of access to, egress from, and use of

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the surface and subsurface of the Assigned Land as necessary or appropriate with respect to any well hereafter drilled by Assignor or its affiliates or their respective successors and assigns.

Assignor further reserves from the assignment of the Leases and Assigned Land hereunder, and retains exclusive ownership, operation and control of, and all liability and obligations relating to, the following:

1. All right, title and interest of Assignor and its affiliates in and to the wells and wellbores currently located on lands pooled with the Assigned Land, such wells and wellbores being more particularly described in **Exhibit E** attached hereto (the "Excluded Wells"), and further including (a) the right to participate in deepening or recompleting the Excluded Wells in any formation in which the Excluded Wells are not currently completed for production, and (b) to participate in reworking the Excluded Wells or other operations conducted with respect thereto intended to restore production from the formations in which such wells are completed for production.

This Assignment is subject to the overriding royalty interest conveyed by Assignor to VSL LLC by Assignment of Overriding Royalty Interest (the "VSL Assignment") executed and recorded prior to the execution of this Assignment (the "VSL ORI") and burdening production from wells drilled by Assignee, its successors and assigns, on the Leases and Assigned Land and any lands pooled or unitized therewith. Assignee acknowledges that its interest in the Leases and Assigned Land is subject to the VSL ORI in accordance with the VSL Assignment and that the VSL ORI is superior in title and lien rights to the rights assigned to Assignee in this Assignment and shall be determined on a well by well basis as to wells drilled on the Leases and Lands or on any lands pooled or unitized therewith.

This Assignment is further subject to the Purchase and Sale Agreement dated as of December 31, 2012 between Assignor and Assignee (the "PSA"), reference to which is made for all purposes. As between Assignor and Assignee, in the event of any conflict or inconsistency between the PSA and this Assignment, the PSA shall control.

Assignee shall assume and pay, perform, fulfill and discharge all claims, costs, expenses, liabilities and obligations, direct or indirect, known or unknown, asserted or un-asserted, absolute or contingent, accrued or un-accrued, which relate or are attributable, directly or indirectly to the Assets, whether attributable to the period of time before or after the Effective Time ("Assumed Liabilities"), subject to retention by Assignor of certain pre-Effective Date liabilities relating to the Assets ("Retained Liabilities"), as more particularly set forth in the PSA.

The assignment of the Assets hereunder is without warranty of title or other representation or warranty, express or implied, except that Assignor warrant its title against all claims arising by, through or under Assignor but not otherwise, and subject to the VSL ORI, the Agreements, the Excluded Wells and the PSA. Assignor hereby grants and transfers to Assignee, its successors and assigns, to the extent so transferable, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Assets against Assignor's predecessors in title to the Assets.

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The provisions of this Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors, legal representatives and assigns.

This Assignment may be executed in counterparts as though all parties have executed a single instrument, provided, that this Assignment shall not be effective until all parties have executed a counterpart hereof.

Executed as of the Effective Time.

ASSIGNOR:

TSK Enterprises (U.S.A.), Inc., a Delaware corporation,

By:   
Edward H. Sato, CEO of TSK Enterprises (U.S.A.), Inc.

E.H. Sato, LLC, a Colorado limited liability corporation,

By:   
Edward H. Sato, CEO and Sole Member

ASSIGNEE:

Sundance Energy, Inc.

By:   
Eric McCrady, CEO and Managing Director



ACKNOWLEDGMENTS

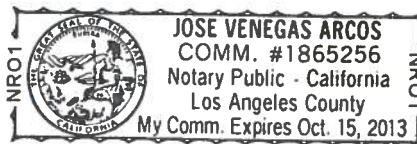
STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF Los Angeles

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of January, 2013, by Edward H. Sato, Chief Executive Officer of TSK Enterprises (USA), Inc., a Delaware corporation, and as Chief Executive Officer of E.H. Sato, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My commission expires: 10-15-2013

Jose Venegas Arcos  
Notary Public



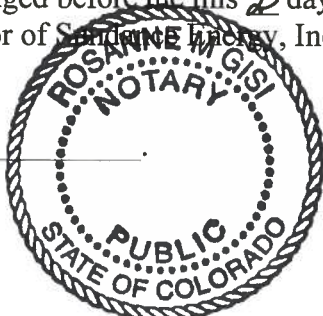
STATE OF COLORADO)  
CITY AND ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 25 day of January, 2013 by Eric P. McCrady, as CEO and Managing Director of Sandstone Energy, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: 10/17/2014

Rosanne M. Gisi  
Notary Public



My Commission Expires 10/17/2014

Ed

**EXHIBIT A**

**SCHEDULE OF LEASES AND LAND ASSIGNED  
WATTENBERG FIELD  
WELD COUNTY, COLORADO**

**I. ASSIGNED DEPTHS**

J Sand.

**II. LEASES**


The following oil and gas leases insofar and only insofar as they cover the land described below and the Assigned Depths described above:

LEASE NO.	LESSOR	LESSEE	LEASE DATE	REC. BOOK	REC. NO.	LEGAL DESCRIPTION
925-1	Helen M. Grant et al	Martin J. Freedman	08/21/70	633	1554542	<u>Township 2 North, Range 68 West</u> Sec. 23: SE/4

Handwritten signatures in the bottom right corner of the page.

**EXHIBIT B**

Reserved

3913917      Pages: 6 of 10  
03/01/2013 02:31 PM R Fee: \$56.00  
Steve Moreno, Clerk and Recorder, Weld County, CO  


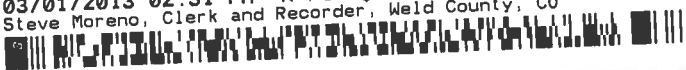



EXHIBIT C

Reserved

*for [Signature]*



**EXHIBIT D**

**SCHEDULE OF AGREEMENTS**

1. Lease Purchase Agreement dated December 11, 1970, between Tom Vessels et al. and Kenneth A. Ross, Jr., recorded January 28, 1972, in Book 661, Reception No. 1582806, as amended by Amendment to Lease Purchase Agreement dated December 17, 1971, recorded February 1, 1972, in Book 661, Reception No. 1582998, Assignment and Agreement dated April 27, 1973, recorded July 24, 1973 in Book 696, Reception No. 1617947, Assignment and Agreement dated April 27, 1973, recorded June 27, 1973, in Book 694, Reception No. 1616203, Amendment to Lease Purchase Agreement, dated April 30, 1973, recorded July 10, 1974 in Book 718, Reception No. 1640273, Modification and Amendment Agreement dated January 7, 1974, Amendment to Lease Purchase Agreement dated January 28, 1974, recorded September 19, 1975, in Book 748, Reception No. 1670299, Amendment to Lease Purchase Agreement dated August 14, 1975, recorded March 19, 1976, in Book 762, Reception No. 1683885, Agreement dated July 27, 1987, among A-W Oil and Gas, Inc, Vessels Oil and Gas Company, Thomas G. Vessels, David G. Lawrence, Coors Energy Company, and Machii-Ross Petroleum Co., recorded October 26, 1987 in Book 1174, Reception No. 02118865, and Agreement dated July 19, 1989, among Coors Energy Company, Machii-Ross Petroleum Company, KAR Petroleum Company, Kenneth A. Ross, Jr., TSK Enterprises (U.S.A.), Inc., George A. Evans and EFTS II, Inc., as recorded by Assignment, Bill of Sale and Conveyance dated August 14, 1989, between Coors Energy Company, Machii-Ross Petroleum Co., KAR Petroleum Co., Kenneth A. Ross, Jr., TSK Enterprises (U.S.A.), Inc, George A. Evans and EFTS II, Inc., recorded August 14, 1989, in Book 1241, Reception No. 02188443 and Assignment and Conveyance dated July 24, 1989 from Machii-Ross Petroleum Company to Coors Energy Company, recorded August 3, 1989, in Book 1239, Reception No. 02187107.
2. Gas Purchase Agreement dated September 3, 1987, between Colorado Interstate Gas Company and A-W Oil and Gas, Inc., as amended. Believed terminated.
3. Gas Gathering Agreement dated September 1, 1992, between North American Resources Company as producer and K N Front Range Gathering Company as gatherer.
4. Gas Sales and Purchase Contract dated October 1, 1989, between Machii-Ross Petroleum Company as Seller and Amoco Production Company as Buyer, as amended by letters dated March 12, 1990, October 23, 1990, and March 27, 1991 between Machii-Ross and Amoco, and as amended November 11, 1997, and February 12, 1998 between Machii-Ross and Duke Energy Field Services, Inc.
5. Memorandum of Agreement dated January 6, 2005, between Melody Homes, Inc. and Machii-Ross Petroleum' Company, recorded February 16, 2005, Reception No. 3261500, Weld County, Colorado records.
6. Surface Development and Compensation Agreement dated September 23, 2003, between Machii-Ross Petroleum Co. and D&H Land Development, LLC, with accompanying





Easement Agreement and Memorandum of Agreement dated the same date between the same parties.

7. Surface Development and Compensation Agreement dated November 24, 2004, between Machii-Ross Petroleum Co. and The Farm, LLC, relating to the SW4 of Section 13, T2N, R68W, Weld County, Colorado.

8. Farmout Agreement dated January 10, 2011, between Machii-Ross Petroleum Co. and Trilogy Resources, LLC.

9. Frontier Contract No. PO802002-CH dated February 12, 2008, between Frontier Oil and Refining Company and Machii-Ross Petroleum Co. as may have been amended by Frontier Contract No. PO802002-CH, Amendment 7 dated June 11, 2008, between Frontier Oil and Refining Company and Machii-Ross Petroleum Co. which may not have been executed by Machii-Ross Petroleum Co.

10. Assignment and Conveyance dated May 22, 2002, between EnCana Energy Resources f/k/a PanCanadian Energy Resources Inc. and North American Resources Company and Machii-Ross Petroleum Co., recorded May 30, 2002, Reception No. 2956581, Weld County, Colorado records; Assignment and Conveyance dated April 3, 2002, between PanCanadian Energy Resources Inc. f/k/a North American Resources Company and Machii-Ross Petroleum Co., recorded April 4, 2002, Reception No. 2940163, Weld County, Colorado records; Assignment and Conveyance dated April 3, 2002, between Machii-Ross Petroleum Co. and PanCanadian Energy Resources Inc. f/k/a North American Resources Company, recorded \_\_\_\_\_, Reception No. \_\_\_\_\_; and Mutual Release and Settlement Agreement dated March 25, 2002, between PanCanadian Energy Resources Inc. f/k/a North American Resources Company and Machii-Ross Petroleum Co.

11. All Colorado Oil and Gas Conservation Commission Pooling Orders and Pooling Applications filed affecting the Assets.

12. Other Agreements of public record affecting the Assets



EXHIBIT E

**EXCLUDED WELLS**

<b>Operator</b>	<b>Well Name</b>	<b>Location/Formation</b>
EnCana	Elmquist 4-4-2	T2N, R68W, Sec. 23 (J-Sand)
EnCana	Elmquist 4-2-23	T2N, R68W, Sec. 23 (Codell-Niobrara, J-Sand)
EnCana	Elmquist 2-4-23	T2N, R68W, Sec. 23 (Codell-Niobrara, J-Sand)

