

ASSIGNMENT OF WELLBORE

This Assignment of Wellbore ("Assignment") is from Pennaco Energy, Inc. ("Assignor") 3601 Southern Drive, Gillette, WY 82718-9107, a wholly owned subsidiary of Marathon Oil Company, P. O. Box 3128, Houston, TX 77253 to PK Ranch, LLC. ("Assignee"), P.O. Box 208, Clearmont, WY 82835

RECITALS

1. Assignor owns the following wellbore (i.e. the physical hole that makes up the well) including the production casing and wellhead (collectively the "Well") in Sheridan County, Wyoming:

Malli 4-1-54-77A, NWNW, Section 1, T54N, R77A

2. Assignor's intent is to transfer only the Well (being the wellbore, production casing, and wellhead) owned by Assignor, and located on the quarter section on which the Well is located as described above. No other facilities, pumps, or other equipment is to be transferred by this Assignment. Pursuant to Paragraph 12 of the Surface Use Agreement between Assignor's predecessor and Assignee dated October 29, 1999 ("SUA"), Assignee has elected to acquire said Well for use as a private water well.
3. Assignee desires to acquire all of Assignor's interest in the Well in exchange for assuming plugging and abandonment and associated liabilities of the Well.

NOW THEREFORE, Assignor does hereby convey, assign and transfer to Assignee the wellbore, production casing and well head associated with the following described wells:

Malli 4-1-54-77A, NWNW, Section 1, T54N, R77A

Assignor's intent is to transfer only the Well (being the wellbore, production casing, and wellhead) owned by Assignor, and located on the quarter section on which the Well is located as described above. No other facilities, pumps, or other equipment is to be transferred by this Assignment.

Assignor and Assignee will execute and file any documents with the Wyoming Oil and Gas Conservation Commission and/or State Engineer's Office necessary or convenient to effect this Assignment.

Assignee specifically assumes all obligations for reclamation, plugging and abandonment, remediation and surface owner obligations with respect to the Well and Assignee hereby agrees to indemnify Assignor for any liability, damages or claims relating to conversion, operation or reclamation of the Well which might be asserted by the surface owner or any other third party on or after the date of this assignment. Assignee specifically releases Assignor from all obligations and liabilities relating to the Well otherwise arising under the parties' SUA.

The Well, conveyed by this Assignment are conveyed on "AS IS" and "WHERE IS" basis, without any express or implied warranty or representation as to merchantability of any of the equipment or its fitness for any purpose and without any other express or implied warranty or representation whatsoever.

Assignee has represented that it intends to convert and to use the above described Well as a private water well and agrees that its use will be limited to this purpose. Assignee understands and agrees that Assignor has made no warranties or representations as to the Well's fitness or suitability for this or any other use. Assignor assumes no liability for the quantity or quality of water produced, and makes no representations as to its ability to continue producing water in the future. Assignee understands and agrees that any and all equipment assigned as part of this Assignment are received "as is." Assignee understands and agrees that Assignor will, from this day forward, be relieved of all responsibilities and liabilities whatsoever related to said Well.



Executed by the respective parties as indicated below, effective this 1st day of October, 2010.

Richard G. Henderson

Richard G. Henderson, Attorney in Fact
 Pennaco Energy, Inc.

9/29/10
 Date

Blake Tietjen

Blake Tietjen
 PK Ranch, LLC.

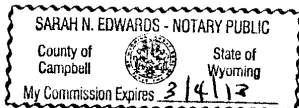
10/8/10
 Date

ACKNOWLEDGEMENT

STATE OF Wyoming)
) ss
 COUNTY OF Campbell)

The foregoing instrument was acknowledged before me by
Richard G. Henderson this 29th day
 of September, 2010.

Witness my hand and official seal.



Sarah N. Edwards
 Notary Public

My Commission Expires: 3/4/2012

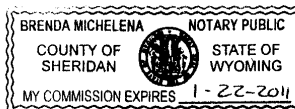
STATE OF Wyoming)
) ss
 COUNTY OF Sheridan)

The foregoing instrument was acknowledged before me by
Blake Tietjen this 8th day
 of October, 2010.

Witness my hand and official seal.

Brenda Michelena
 Notary Public

My Commission Expires: 1-22-2011



NO. 2010-684510 ASSIGNMENT

EDA SCHUNK THOMPSON, SHERIDAN COUNTY CLERK
 PENNACO ENERGY INC 1043A COFFEEN AVE
 SHERIDAN WY 82801