

MAR 02 2012

Memorandum of Surface Use and Damage Agreement

This *Memorandum of Surface Use and Damage Agreement* ("Memorandum") is provided jointly by Walter Baker also known as Walter R. Baker and Patricia Baker also known as Patricia Ann Baker, husband and wife, of 814 Ash Creek, Sheridan, WY 82801 ("Owner") and Elk Petroleum, Inc. ("Operator") effective January 1, 2012.

Notice is give as follows:

1. That Owner is the owner of the surface estate located in Sheridan County, Wyoming described below:

Township 58 North – Range 85 West, 6th P. M.

Section 14: Only that portion of said Section 14 lands lying west of the Ash Creek Road in Lot 1, Lot 2 and Lot 3.

Section 23: E1/2NW1/4; W1/2NE1/4; W1/2SE1/4; and only that portion of Section 23 lands lying west of the Ash Creek Road in NW1/4NE1/4NE1/4;

Section 24: W1/2W1/2

Section 26: NW1/4NE1/4

565.833 acres, more or less ("Owner's Lands").

2. That Operator has and is exploring for and producing hydrocarbons, including oil, gas and coal bed methane on some of the Owner's Lands.

3. That Owner and Operator signed a *Surface Use and Damage Agreement* dated July 24, 2008 ("SUA") providing Operator with certain rights to use the surface of the Owner's Lands for exploring and producing hydrocarbons, including oil, gas and coal bed methane, in exchange for valuable consideration.

4. That the Owner and Operator executed an *Amendment to Land Description for July 24, 2008 Surface Use Agreement* ("Amendment") in exchange for valuable consideration.

5. That Owner and Operator executed a *Ratification of Surface Use and Damage Agreement* ("Ratification") with the Ratification being signed by the Owner of December 21, 2011 and Operator, January 4, 2012, whereby Owner and Operator acknowledged, reaffirmed and ratified the foregoing SUA and Amendment effective January 1, 2012.



Dated the 29 day of February, 2012.

Owners:

Operator:

Walter R. Baker

Walter R. Baker

Robert Cook

Robert Cook, President
 Elk Petroleum, Inc.

Patricia Ann Baker

Patricia Ann Baker

State of Wyoming)
 County of Sheridan)

Acknowledged before me by Walter R. Baker, also known as Walter Baker, and Patricia Baker, also known as Patricia Ann Baker, husband and wife, to me personally known on the 29th day of February, 2012.

My Notary Expires: March 10, 2013



Cara L. Reichert
 Notary Public

State of Wyoming)
 County of Natrona)

Acknowledged before me by Robert Cook, the president of Elk Petroleum, Inc., to me personally known on the 20 day of February, 2012.

My Notary Expires: May 11, 2015

Darla Powers
 Notary Public

