

**SECURITY INTEREST AGREEMENT (INDIVIDUAL)****Account #11824300**

This Security Interest Agreement (hereinafter Agreement) made and entered into this **11** day of **November, 2008** by and between **Powder River Energy Corporation**, P.O. Box 930, Sundance, WY 82729 (hereinafter **PRECorp**) and **Tanner Shatto**, whose address is **171 W 4<sup>th</sup> St** (hereinafter **Member**). The above described entities are sometimes collectively referred to herein as the Parties and each individually as a Party.

**RECITALS**

**WHEREAS, PRECorp** is a Wyoming cooperative utility providing electricity in the counties of Sheridan, Johnson, Campbell, Crook and Weston; and

**WHEREAS, Member** desires **PRECorp** provide electricity and service to **Member** on **Member's** property; and

**WHEREAS, PRECorp** has an approved line extension policy on file with the Wyoming Public Service Commission; and

**WHEREAS, PRECorp's** line extension policy requires all members who desire line extensions to sign a standard line extension agreement; and

**WHEREAS, members** who finance a line extension over a period of 120 months are required to provide **PRECorp** with security, in one form or another; and

**WHEREAS, Member** and **PRECorp** agree if **Member** should sell, transfer or hypothecate **Member's** interest in the property, benefited **Member** shall pay in full upon sale, transfer or hypothecation the amount due pursuant to the Application for Membership and Electric Service Agreement signed by **Member** or cause the new owner to assume the financial obligation owed to **PRECorp**; and

**WHEREAS, the parties** desire to reduce their agreement to writing;

**FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS, OBLIGATIONS AND PROMISES TO BE KEPT AND MAINTAINED BY AND BETWEEN THE PARTIES HERETO IT IS THEREFORE AGREED AS FOLLOWS:**

1. **Member** authorizes **PRECorp** to file this executed Security Interest Agreement in the records of the Sheridan County Clerk.

2. The property benefited by **PRECorp's** line extension to **Member's** property is as follows:

**(SEE ATTACHED LEGAL DESCRIPTION)**

3. **Member** agrees to make all payments due pursuant to the Application for Membership and Electric Service Agreement signed by **Member** and dated the **11** day of **November, 2008**.

4. **Member's** using a 120 month term financing option shall be required to sign this agreement. **Member** agrees, if **Member** has signed an Application for Membership and Electric Service Agreement providing for repayment of line extension costs over a 120 month period, this Security Interest Agreement may be recorded and **Member** agrees upon sale or transfer of the above described real property, **Member** will pay in full the financial obligation owed to **PRECorp** or cause the new owner or assignee to assume the financial obligation originally entered into by the **Member** for whom the line was built, or in the alternative, shall require the new owner or assignee to enter into a new Security Interest Agreement with **PRECorp**. In the event **Member** fails to make payment in full or a new owner or assignee fails to assume the original obligation of **Member** herein, or enter into a new Application for Membership and Electric Service Agreement, **Member** agrees **PRECorp** shall have the right to remove the electric lines placed upon the above described real property or disconnect **Member** pursuant to **PRECorp's** disconnect policy.

5. The undersigned **Member(s)** represents that I/we are the sole owner(s) of the above described real property and there are no other individuals, entities or corporations holding or owing an interest in and to the above described real property except for a real estate mortgage.

6. By signing this Agreement I/we certify that I/we have read and understand the terms and conditions of this Agreement and agree to be bound by the terms and conditions contained herein.

DATED this 4<sup>th</sup> day of December, 2008.

Powder River Energy Corporation

Member

By: Ray Frigo

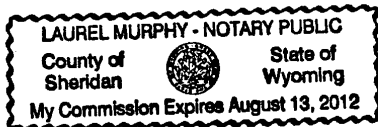
By: Tanner B Shatto

Title: Project Supervisor

STATE OF Wyoming)  
COUNTY OF Sheridan) ss

The above and foregoing Security Interest Agreement (Individual) was subscribed, sworn to and acknowledged before me by Tanner Shatto, on this 8<sup>th</sup> day of December, 2008

Witness my hand and official seal.



Laurel Murphy  
Notary Public

My Commission Expires: Aug 13, 2012

STATE OF Wyoming )  
COUNTY OF Sheridan) ss

On the 9 day of DECEMBER, 2008, RAY FRIGO  
appeared before me, was personally known to me and after being duly sworn upon his/her oath stated he/she was the PROJECT SUPERVISOR of Powder River Energy Corporation, this instrument was signed on behalf of the corporation and by authority of it's board of directors and RAY FRIGO executed the instrument on behalf of the corporation and acknowledged it to be the free act and deed of the corporation.

Witness my hand and official seal.

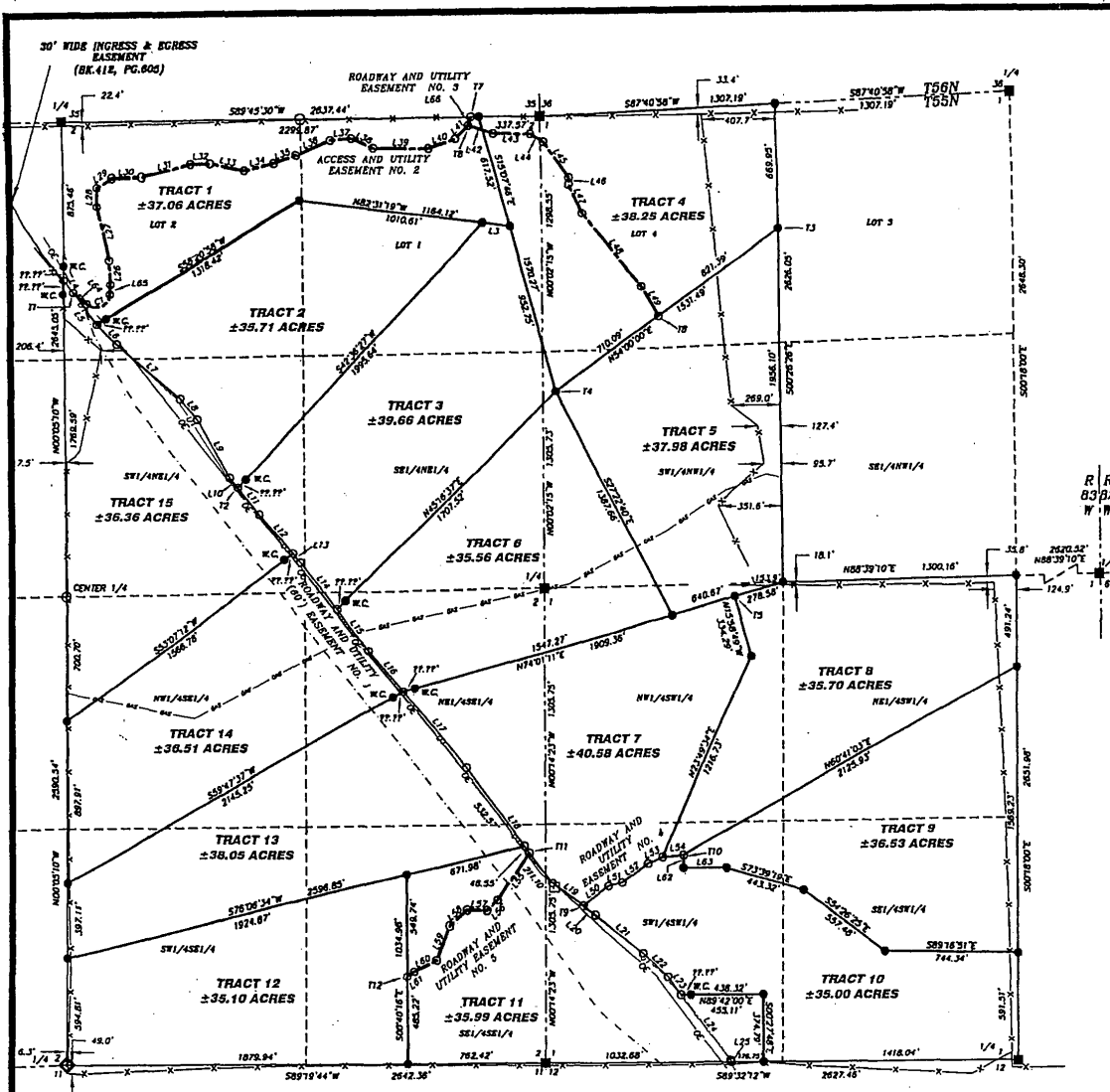


Rolland L. Hein  
Notary Public

My Commission Expires: May 30, 2010

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60 624



# LEGEND

- ◆ FOUND 1&1/2" ALUMINUM CAP PER PLS 529
- FOUND 3&1/4" ALUMINUM CAP PER PLS 2608
- SET 2" ALUMINUM CAP PER PLS 2615
- NOTHING FOUND/NOTHING SET
- TRACT LINE
- SECTION LINE
- INTERIOR SECTION LINE
- CENTERLINE PROPOSED ACCESS EASEMENT 60' WIDE RIGHT OF WAY
- TRACT LINE/CENTERLINE PROPOSED SIXTY (60') WIDE ROADWAY AND UTILITY ACCESS EASEMENT
- 35' WIDE GAS PIPELINE EASEMENT LOCATED BY A SURVEY ON OCT 04, 2007 (BK 421, PG 235)
- 30' WIDE OVERHEAD ELECTRICAL EASEMENT LOCATED BY A SURVEY ON OCT 04, 2007 (BK 230, PG 48)
- 30' WIDE OVERHEAD ELECTRICAL EASEMENT LOCATED BY A SURVEY ON OCT 04, 2007 (BK 265, PG 134)
- 30' WIDE UNDERGROUND ELECTRICAL EASEMENT (RECORD) (BK 265, PG 134)



SCALE: 1"=800'

BASIS OF BEARINGS IS  
WYOMING COORDINATE SYSTEM NAD 1983, EAST CENTRAL  
ZONE, DISTANCES ARE SURFACE

## EXHIBIT FOR WILDCAT RUN

SW1/4, W1/2NW1/4 OF SECTION 1 AND E1/2 SECTION 2,  
TOWNSHIP 55 NORTH, RANGE 83 WEST, 6TH P.M.,  
SHERIDAN COUNTY, WYOMING

CLIENT: DSB INVESTMENTS, INC.  
50 EAST LOUCKS STREET  
SHERIDAN, WY 82801

**RESTFELDT**  
SURVEYING  
PO BOX 3082  
SHERIDAN, WY 82801  
307-672-7415  
FAX 674-5000

JL 27092  
DE 20070922 WILDCAT RUN  
TAB: RECORD OF SURVEY  
DECEMBER 14, 2007

EXHIBIT "A"  
LEGAL DESCRIPTION

**RE: Wildcat Run: Tract 7**

A tract of land situated in the W $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 1; E $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 2, Township 55 North, Range 83 West, 6th Principal Meridian, Sheridan County, Wyoming; said tract being more particularly described as follows:

Commencing at the northwest corner of said Section 1 (monumented with a 3 $\frac{1}{4}$ " aluminum cap per PLS 2608); thence S21°46'29"E, 2853.41 feet to the **POINT OF BEGINNING** of said tract; thence S15°58'49"E, 334.29 feet to a point; thence S23°49'34"W, 1216.73 feet to a point, said point lying on the centerline of a sixty (60) foot wide roadway and utility easement; thence S64°22'04"W, 88.13 feet along said centerline of a sixty (60) foot wide roadway and utility easement to a point; thence S53°32'30"W, 181.77 feet along said centerline of a sixty (60) foot wide roadway and utility easement to a point; thence S75°39'45"W, 77.16 feet along said centerline of a sixty (60) foot wide roadway and utility easement to a point; thence S52°50'18"W, 176.47 feet along said centerline of a sixty (60) foot wide roadway and utility easement to a point, said point lying on the centerline (Book 433 of Deeds, Page 71) of a sixty (60) foot wide roadway and utility easement; thence N54°54'01"W, 211.32 feet along said centerline (Book 433 of Deeds, Page 71) of a sixty (60) foot wide roadway and utility easement to a point; thence N36°52'48"W, 790.22 feet along said centerline (Book 433 of Deeds, Page 71) of a sixty (60) foot wide roadway and utility easement to a point; thence N39°10'24"W, 550.79 feet along said centerline (Book 433 of Deeds, Page 71) of a sixty (60) foot wide roadway and utility easement to a point; thence N74°01'11"E, 1909.36 feet to the **POINT OF BEGINNING** of said tract.

Said tract contains 40.58 acres of land, more or less.

Bearings are Based on the Wyoming Coordinate System NAD 1983, East Central Zone

TS  
B