

**MEMORANDUM OF REAFFIRMATION AND AMENDMENT OF SURFACE
DAMAGE AND USE AGREEMENTS**

This Memorandum of Reaffirmation and Amendment of Surface Damage and Use Agreements ("Memorandum of Reaffirmation") is made and entered into on this 4th day of April, 2007.

WHEREAS, this Memorandum of Reaffirmation involves or affects property located at:

County of Sheridan, State of Wyoming;
Township 55 North, Range 83 West, 6th P.M.

- Section 21: Part of the Southeast Quarter (SE/4) described as follows:
Commencing at the East Quarter Corner of said Section 21;
thence South 0 degrees 59 minutes 42 seconds East
1028.95 feet along the East Line of Section 21 to the Dow-
Dutch Creek Road; *thence* North 24 degrees 08 minutes 59
seconds West 665.70 feet along the Dow-Dutch Creek
Road to an angle point in the road; *thence* North 73 degrees
49 minutes 18 seconds West along said road to the North
Line of Section 21; *thence* East 1706.90 feet to the point of
beginning.
- Section 22: West Half of Northeast Quarter (W/2NE/4);
Northwest Quarter (NW/4);
North Half of Southeast Quarter (N/2SE/4);
South Half of South Half (S/2S/2);
North Half of Southwest Quarter (N/2SW/4)
- Section 23: Northeast of Quarter (NE/4);
South Half of Northwest Quarter (S/2NW/4);
North Half of South Half (N/2S/2);
South Half of Southwest Quarter (S/2SW/4);
Southwest Quarter of Southeast Quarter (SW/4SE/4)
- Section 24: West Half of Northeast Quarter (W/2NE/4);
Southeast Quarter of Northeast Quarter (SE/4NE/4)
Northwest Quarter (NW/4);
North Half of Southwest Quarter (N/2SW/4), except that
part thereof lying south and west of Cat Creek Road.
- Section 26: Northwest Quarter of Northeast Quarter (NW/4NE/4);
North Half of Northwest Quarter (N/2NW/4)
- Section 27: North Half of Northeast Quarter (N/2NE/4);

Southwest Quarter of Northeast Quarter (SW/4NE/4);
West Half (W/2);
West Half of Southeast Quarter (W/2SE/4)

Section 28: That part of the South Half of Southeast Quarter (S/2SE/4) lying West of State Highway 14, except therefrom that part of a certain tract lying in said S/2SE/4 conveyed to Allen Fred Willey and particularly described in a certain quitclaim deed dated March 11, 1994, and recorded in Book 364 of Deeds, Page 484 in the office of the Sheridan County Clerk.

That Part of Southeast Quarter of Southeast Quarter (SE/4SE/4) lying East of State Highway 14, except therefrom that part of a certain tract lying in said SE/4SE/4 conveyed to Allen Fred Willey and particularly described in a certain quitclaim deed dated March 11, 1994, and recorded in Book 364 of Deeds, Page 484 in the office of the Sheridan County Clerk.

Section 33: That part of the Northeast Quarter (NE/4) lying North of County Road 131 (a/k/a Meade Creek Road);
That part of the East Half (E/2) lying South of County Road 131 (a/k/a Meade Creek Road).

Section 34: That part of the North Half of South Half (N/2S/2) lying East of State Highway 14;
That part of the North Half of South Half (N/2S/2) lying West of State Highway 14.

On the 21st day of March, 2007 Pennaco Energy, Inc., ("Operator"), located at 3601 Southern Drive, Gillette, WY 82718, and Allen F. Willey, Trustee of the Allen F. Willey Trust, dated September 21, 2001 ("Lessor"), located at 697 E. Highway 14 Sheridan, WY 82801, (collectively, the "Parties") entered into a Reaffirmation and Amendment of Surface Damage and Use Agreements ("Reaffirmation") pertaining to the Property described above. A fully-executed copy of the Reaffirmation is in the possession of the Operator at its office address set out above.

This Memorandum of Reaffirmation is executed by Operator and placed of record in Sheridan County for the purpose of placing all persons on notice of the existence of the Reaffirmation.

Pennaco Energy, Inc.

By: 

STATE OF WYOMING)
) ss
COUNTY OF CAMPBELL)

Before me on the 4th day of April, 2007 Susan P. Casale
personally appeared in his capacity as Attorney In Fact of Pennaco Energy, Inc.,
known to me to be the identical person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed the same as free an voluntary act
and deed, and as the free and voluntary act of the corporation, for the uses, purposes and
consideration therein set forth. Witness my hand and official seal:

Jacqueline R Hoyt
Notary Public, State of Wyoming
My commission expires:

09-27-08

