

SURFACE DAMAGE AGREEMENT & RELEASE

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten and More Dollars (\$10.00 +), paid to the undersigned by Elm Ridge Exploration Company, LLC (hereinafter "Operator"), receipt of which is hereby acknowledged, Bob Cherry and Dixie Cherry (hereinafter "OWNER") and their heirs, successors, and assigns, as the OWNER of the hereinafter described lands, do hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in La Plata County, Colorado, resulting from the ingress and egress, drilling, completion, operation, maintenance and/or abandonment of the Elm Ridge IGS 146 well, situated upon and under the hereinafter described lands:

Township 33 North, Range 8 West, NMPM
Section 21: NW/4SE/4

The wellpad to be located 2124 feet from the South section line and 1693 feet from the East section line and this well location shall be located on the existing Elm Ridge Crigler Ute FT#1 well as shown by Exhibit "A", attached hereto.

Operator shall use only such portions of the described lands as are reasonably necessary; however, the surface area actually disturbed for the wellpad shall not be more than 1.30 acres in size for drilling and completion operations. Operator shall have full and complete access to the original 1.30 acre wellpad at all times for subsequent well operations.

OWNER hereby grants unto Operator the right to use the existing well access road. The parties hereto shall cooperate with each other concerning the use and enjoyment of the subject road, but such use shall not hinder, conflict, or interfere directly, or indirectly, with the exercise of Operator's rights hereunder.

The consideration paid hereunder shall also compensate the OWNER for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent use of the access road and production facilities necessary for Operator, its successors, agents, and employees to properly conduct operations and maintenance activities associated with the well identified above. Operator shall conduct its operations in a manner which will cause the least practical interference with OWNER's use of the leased lands.

Operator agrees to repair all fences, build gates and construct the access road and crossings in a manner which will allow OWNER to continue its use of the property in its current manner. Drainage areas or irrigation ditches will be re-constructed in a manner agreed to with OWNER. Upon completion of the well, the wellpad shall be reduced in size to the minimum necessary to allow for normal production operations and the remainder of the wellpad will be reclaimed. Reclamation shall consist of grading disturbed areas to pre-existing grade and seeding with a seed mixture recommended by the ASCS office for the area. Rig anchors may be left in place, if identified in a manner which will avoid damage to OWNER's equipment. Restoration shall conform to the Colorado Oil & Gas Conservation Commission (COGCC) rules and regulations. Operator shall maintain disturbed areas and facilities free of weeds. Well equipment shall be fenced.

OWNER hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by 305.f. of the COGCC rules and acknowledges that OWNER has consulted with Operator per Rule 306 and has received the brochure "Information for Oil and Gas Operators, Surface Owners and Surface Tenants", Hydraulic Fracturing Information and Surface Owner/LGD Flowchart.

Operator will comply with COGCC Rules concerning Noise Abatement and shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary.

Return to.

FINNEY LAND CO.
P.O. BOX 2471
DURANGO, CO 81302

Surface Damage Agreement & Release
Page 2 of 3

The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

Operator hereby agrees to indemnify and hold OWNER harmless from and against any and all expenses, losses or damages resulting from or relating to Operator's operation and maintenance of the well, equipment, road and related activities on the property, provided however Operator does not indemnify OWNER for expenses, losses or damages resulting from OWNER's conduct on the Property.

This Agreement shall be for as long as the above captioned well is operated by Operator, its successors and assigns, and for a period of one year after the abandonment of the well during which time Operator shall have the right to remove all facilities and other fixtures installed pursuant to this agreement. Upon abandonment of the well, Operator agrees to restore the surface of the lands to as near as condition as it was prior to Operator's operations in accordance with COGCC Rules.

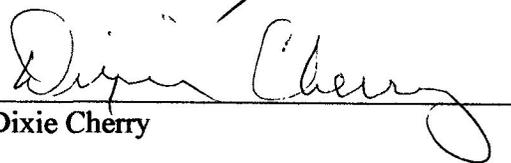
Subject to the additional provisions set out in a separate Letter Agreement of even date by and between Operator and Owner the terms and conditions of which shall be binding upon the respective parties, the terms of this written Agreement shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement shall be effective unless made in writing and signed by the parties.

IN WITNESS WHEREOF, this Surface Damage Agreement and Release is voluntarily entered into and executed this 11th day of April, 2014.

OWNER:



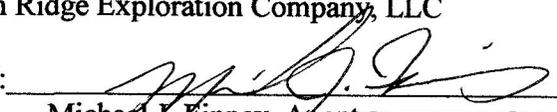
Bob Cherry



Dixie Cherry

OPERATOR:

Elm Ridge Exploration Company, LLC

BY: 

Michael J. Finney, Agent

Exhibit A

Attached to and made a part of that certain surface Damage Agreement and Release dated April 11, 2014 by and between Bob Cherry and Dixie Cherry as Owners and Elm Ridge Exploration Company, LLC as Operator

**ELM RIDGE EXPLORATION COMPANY, LLC: IGS 146
2124' FSL, 1693' FEL, SECTION 21, T-33-N, R-8-W, N.M.P.M.,
LA PLATA COUNTY, CO. GROUND LEVEL ELEVATION: 6876'**

