

Surface Use and Damage Agreement

This Surface Use and Damage Agreement ("Agreement") is made effective the 15th day of June, 2009 by and between Mr. Robert V. Frank, II L.L.C. hereinafter (Frank) of 1443 41st Avenue, Greeley, Colorado, 80634, and Operator Saint James Energy Operating, Inc. hereinafter (St. James) of 11177 Eagle View Drive, Sandy, Utah 84092

RECITALS:

1. Frank, owns the surface of the following described lands in Weld County, Colorado (the "Subject Lands"), to-wit:
S ½ SW ¼ Section 2 Township 6 North, Range 65 West, 6th P.M.
2. Oil and gas rights, including the right to explore for and develop oil and gas mineral interest underlying the Subject Lands are currently held under an existing Lease owned by St. James.
3. St. James will be entering upon the surface of the Subject lands to explore for, develop and produce oil and gas therefrom. The parties desire to enter into this Agreement in an effort to accommodate each other's use of the Subject Lands and to compensate Lessor for the use of existing roadways and portions of the surface of the Subject Lands in connection with the exploration and development of the oil and gas interests.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

I

Lessor hereby grants to St. James, its agents, employees, contractors and assigns, access and surface rights over and across the S ½ SW ¼ Section 2 Township 6 North, Range 65 West, 6th P.M. for the purpose of surveying roads and well locations; building, maintaining and utilizing access roads; and drilling, completing and producing or abandoning wells and related production, gathering and transportation facilities. It is the intent of St. James to enter upon the land to drill maximum of three wells being in the in the SE/SW ¼ SW/SW ¼ and potentially a center spot location being in the center of the SW ¼ of Section 2 of Township 6 North Range 65 West, 6th PM.

St James agrees to work with Frank to minimize the surface impact of this new drilling and whenever possible to utilize existing roads and entryways. Any new flow

lines or oil and gas transmission lines which are constructed shall be buried to a minimum of 4 feet below grade level. The construction repair and maintenance of any new or existing oil field access roadway, shall be at the sole cost and expense of St James. Such improvements may include culverts, gates, additional road base and gravel.

II

As consideration for the access granted herein, and for any surface damages to the land or livestock caused by the activities of St. James and its contractors, agents and employees on the Subject Lands, St. James shall pay Twenty Thousand and NO/100 Dollars (\$20,000.00) per well to Lessor for potentially each of the three oil and/or gas wells located on the Subject Lands. St James shall further pay Ten and NO/100 Dollars (\$10.00) per rod for the new or additional roadways created to access the well site. Said amounts shall be paid to Lessor after a well site has been surveyed and prior to the commencement of drilling at the well site.

Surface damage payments, as herein described, are hereby acknowledged by Lessor as being sufficient and payment in full for damages to the Subject Lands caused or created by the reasonable entry, right-of-way, drilling operations and subsequent operation of said well site, roads, and production facilities.

To the extent St. James determines to drill the subject well prior to the removal of existing crops on the land, Lessor and St. James shall meet to determine the exact acreage quantity to be effected, but acreage shall be calculated at \$1,000 per acre for corn and \$500 per acre for hay.

III

St. James and Lessor indemnify and hold each other harmless from and against all causes of action resulting from their independent operations on the Subject Lands.

IV

This Agreement and the easements, rights and uses granted herein shall terminate upon the latter of (i) the cessation of operations for the production of oil, gas and other hydrocarbons substances from the Subject Lands or (ii) upon the expiration or

termination of the rights of St James or any successor to any of the mineral interests underlying the Subject lands. Upon termination of the agreement, St. James shall have one hundred and eighty (180) days within which to remove all equipment, materials and improvements on the Subject Lands. St. James shall reclaim each oil and/or gas well site, as nearly as reasonably practical, to its original condition and shall re-seed each such site.

V

Upon the final termination of drilling activities and production and exploration of St James' leasehold on the above property, St. James shall return all roads and other rights-of-way or sites as near as practicable to their original condition, and reseed them, unless otherwise agreed. Autogates shall be removed and fences restored as near as practicable to their original condition, unless otherwise provided or agreed. All autogates in place for (3) years or more shall be the property of Lessor.

VI

This Agreement may not be amended except by writing signed by both parties.

VII

The parties shall execute any and all other documents which may be necessary in order to effect the terms and purposes of this Agreement.

VIII

The parties warrant that the terms of this Agreement and all negotiations leading up to this Agreement will be kept confidential. The parties will not disclose any of the terms or negotiations to anyone other than the parties, their respective attorneys or accountant, unless a party hereto make the disclosure has been compelled to do so pursuant to the order of a court or competent jurisdiction as necessary to enforce the terms hereof or is required by law or taxing authorities. The parties further agree that this SURFACE USE AND DAMAGE AGREEMENT shall not be recorded. If it becomes necessary to give notice of this Agreement in the public record, then a short

form of this Agreement will be prepared and executed by the parties, and it may then be recorded.

IX

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

X

All rights and obligations under this Agreement shall run with the lease and the lands and shall inure to the benefit of and be binding upon heirs, personal representatives, successors and assigns of each party.

Dated this 17 day of June, 2009.

ROBERT V. FRANK II LLC

Robert V Frank II

Mr. Robert V. Frank II, L.L.C. Manager.

Dated this 15th day of June, 2009

St. James Energy Operating, Inc

By: [Signature]

Title: President