



**SINGLETREE RESOURCES, INC.**

25528 GENESEE TRAIL RD.  
GOLDEN, CO 80401-9366  
TEL: (303) 462-3604  
FAX: (303) 462-3739

August 22, 2011

Chimney Canyon Grazing Association  
22782 County Road 55  
Iiff, CO 80736-9602  
Attention: Mr. Basil Stieb

Re: Surface Damages  
Halley Smith 11-19 Well  
T11N-R53W  
Section 19: NWNW

Dear Mr. Stieb:

Pursuant to our Surface Use Agreement dated August 5, 2011, please find enclosed SingleTree Resource's check in the amount of [REDACTED] which represents the surface damage payment due for the drilling of the captioned well. The road we will use to access the well site will enter Section 19 from the western edge at Logan County Road 25. From this point the distance to the well site will be 700 feet. We use a 16-foot road width to determine the number of acres used for the road access. These figures show the amount of damage will be 0.3 acres. As there are always occasions where the actual road may cause additional damages during drilling we are sending a check for a full 1 acre, which is nearly three times the amount that will be damaged. The additional [REDACTED] is the agreed upon amount per drill site. If, after the road is used, it is determined to be longer or wider than this number we will adjust the payment accordingly.

Our drilling permits should be issued in the next six weeks and drilling should commence within 30 days. Please call me at the above listed numbers if you have any questions.

Sincerely,

  
Tony Markve

Vice President, SingleTree Resources