



SINGLETREE RESOURCES, INC.

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

March 2, 2012

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

Re: Surface Damages
Haley Smith 12-19 Well
T11N-R53W
Section 19: SWNW

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. We will enter this wellsite from the access road going to the Haley Smith 11-19 well. From this point the distance to the well site will be 1200 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 0.45 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 over two 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