

SURFACE DAMAGE AGREEMENT

THIS AGREEMENT dated January 25, 2013 between Linnebur Grain and Buffalo, LLP, whose address is PO BOX 298, Byers, CO 80103, hereinafter referred to as "Surface Owner", and Bayswater Exploration & Production, LLC, whose address is 730 17th St, Ste 610, Denver, CO 80202 hereinafter referred to as "Lessee".

WITNESSETH:

WHEREAS, Surface Owner represents that they are the owners in fee and in possession of the surface estate for the following described lands in Adams County, CO, hereinafter referred to as "Lands", to wit: Township 2 South, Range 57 West, 6th P.M., Section 19: SE/4

WHEREAS, Lessee has or may acquire certain leasehold interests in the oil and gas mineral estate in the Lands and proposes to conduct drilling and subsequent production operations on the Lands; and

WHEREAS, Surface Owner is generally aware of the nature of the operations which may be conducted under oil and gas leases covering the mineral estate of the Lands; and

WHEREAS, the parties believe that it is in their mutual best interest to agree to the amount of damages to be assessed incident to the operations of Lessee on the premises in the exploration for, development and production of oil, gas and/or other leasehold substances under the terms of those certain oil and gas leases now owned or which may be acquired by Lessee covering portions of the mineral estate of the Lands; and,

WHEREAS, the parties believe that a reasonable estimate can be made of the damages which will result from the exploration, development and production operations contemplated by such oil and gas leases.

NOW, THEREFORE, in consideration of ten dollars and other valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Lessee has the right of ingress and egress and to the use of those portions of the Lands which it requires for oil and gas exploration, development and production operations, including tank batteries and other production facilities and the transportation of produced substances from the leasehold, and also the right to construct and use roads and pipelines across portions of the Lands. Lessee shall pay Surface Owner as liquidated damages the following sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, sidetracking, reworking, equipping and production operations, contemplated by the oil and gas leases covering the Lands, unless otherwise specifically provided herein:

for each wellsite located on the Lands, together with any lands used for road purposes, production facilities, pipelines or other necessary facilities in connection with the wellsites. In addition, Lessee shall pay Surface Owner an annual payment of \$ per year. This annual payment shall be made on the anniversary date of the commencement of drilling for the initial well in each and every year until all wells have been plugged and abandoned and the location of any roads and pipelines constructed in connection therewith have been reclaimed as provided herein. If, by reasons directly resulting from the operations of Lessee, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, such as (but not limited to) damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Lessee, or Lessee will pay reasonable compensation to Surface Owner for such additional damage.

2. Lessee is responsible for acquiring all necessary permits, licenses, fees, etc. incident to its operations on the Lands.

3. In the event any well hereunder is plugged and abandoned, Lessee agrees that Lessee will, within a reasonable time, restore Surface Owner's surface estate as near as practical to its original condition found prior to Lessee's operations. It is understood and agreed that Surface Owner may elect in writing, prior to cessation of operations of Lessee, to have any road constructed under the terms of this Agreement remain upon the property, in which event Lessee agrees to leave such road or roads in reasonable condition.

4. In the event Surface Owner considers that Lessee has not complied with all its obligations hereunder, both express and implied, Surface Owner shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days to meet or commence to meet all or any part of the breaches alleged by Surface Owner. The service of said notice shall be precedent to the bringing of any action by Surface Owner for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. In the event of litigation, the prevailing party's reasonable attorney's fees will be paid by the opposing party.

5. Lessee shall be responsible and shall remain liable for any environmental problems on the subject lands which are caused by or through its operations. To the extent that any such claims are asserted, Lessee will be responsible for any

remediation required as provided by state regulations. This assumption of liability, however, does not include any third-party operations on the subject lands or any Surface Owner actions which could cause environmental problems but is limited solely to the actions of Lessee. Lessee hereby indemnifies and holds harmless Surface Owner from any and all environmental problems it causes on the Lands.

6. In the event Surface Owner owns less than the entire fee interest in the Lands, then any payment stated herein shall be proportionately reduced to the interest owned.

7. This Agreement shall remain in full force and effect from the date hereof and for so long thereafter as Lessee's oil and gas operations affecting the Lands are in effect.

8. When the word "Lessee" is used in this Agreement, it shall also mean the successors and assigns of Bayswater Exploration & Production, LLC, including but not limited to its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers.

9. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

SURFACE OWNER: Linnebur Grain and Buffalo, LLP

BY: [Signature]
TITLE: Managing Partner

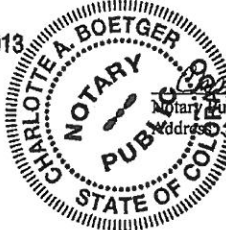
[Signature]
BY: Managing partner

STATE of Colorado)ss
COUNTY of Arapahoe

ACKNOWLEDGEMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16th day of February, 2013, personally appeared Larry Linnebur + Edward L. Linnebur to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein. Set forth IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: My Commission Expires 6/02/2013



Charlotte A. Boetger
Notary Public:
Address: 38 N Hwy 36 Byers CO 80103