



SINGLETREE RESOURCES, INC.

521 PROGRESS CIRCLE, SUITE 1

CHEYENNE, WY 82007

TEL: (307) 316-0199

FAX: (307) 222-0281

April 12, 2013

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

Re: Surface Damages
Smith Estate #1 Well
T11N-R54W
Section 15: NWNW

Dear Mr. Stieb:

Pursuant to our Surface Use Agreement dated October 23, 2012, 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 well site from Logan County Road 70. 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 0.26 acres. As there are always occasions where the actual road may cause additional damages during drilling we are sending a check for a full 1.0 acres, which is nearly four 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