

## **SURFACE AND DAMAGE AGREEMENT**

(With Receipt and Release)

THIS AGREEMENT made and entered into this 24<sup>th</sup> day of January, 2014, by and between, Five Rivers Ranch Cattle Feeding, LLC, Attn: Collin Hill, as owner of the surface of the SENW/4 of Section 19, Township 2N North, Range 46 West, Yuma County, Colorado, hereinafter referred to as "Owner", and Augustus Energy Resources LLC., hereinafter referred to as "AER".

**For and in consideration of One Dollar (\$ 1.00) and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged and in connection with the reasonable and customary performance in the drilling, completing, equipping and production of the following "Well", or plugging and abandoning same as a dry hole, and all related operations in preparing the Well for production or abandonment ("Operations"):**

**Well Name(s): Five Rivers 22-19 2N46W**

Now therefore, Owner hereby gives, grants, and conveys unto AER, its agents, employees, and contractors, a right to use Owner's property for all purposes necessary for AER to perform the Operations and all rights incident and appurtenant thereto, including but not limited to, the right to install and operate flowlines, product pipelines and tanks with the rights of unimpeded ingress and egress across Owner's lands to the Well and related production facilities described above.

Payment hereunder shall compensate Owner for damages to Owner's land and growing crops. In the event of additional damages, including without limitation, damages to buildings, fences, gates, and livestock tanks, livestock, and other extraordinary losses or damages caused by AER, its agents, employees, and consultants to Owner's property, or to the property of Owner's surface lessee, if any, AER agrees to compensate Owner promptly for same on mutually agreeable terms.

Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements which could be affected by AER's proposed Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other party having an interest, resulting from AER's Operations shall be settled by Owner and Owner shall indemnify and hold AER harmless against any claims resulting there from.

AER agrees to perform all necessary reclamation work so the land affected by its Operations is restored as nearly as possible to its condition as existed immediately prior to AER's Operations, excepting any crops thereon.

Concerning any matter relating to AER's proposed Operations, Owner may contact:

Operator: Augustus Energy Resources LLC  
Person(s) to Contact:  
Operations Mr. Blain Sharp  
Land Mr. Gary Timmer  
Address: 36695 Highway 385  
P.O. Box 250  
Wray, CO 80758  
Phone: 970 332-3585  
FAX: 970 332-3587

AER shall protect, defend, indemnify and hold OWNER harmless from and against any and all claims, demands, costs, expenses, damages and liabilities (reasonable attorney fees including costs and expenses of defending such claims, demands, costs, expenses, damages and liabilities, including all appeals) for any injury to person or damage to real or personal property caused by, resulting from or arising out of any act, omission or neglect of AER or its agents, servants, employees or contractors in connection with AER's use of the easements and rights hereby granted. In addition, AER, for itself and for its predecessors, successors, assigns, representatives, officers, members, heirs, agents and principals hereby fully and totally releases, acquits and forever discharges OWNER (including without limitation, as applicable, any past, present and future officers, directors, employees, agents, representatives, subsidiaries, parent and other affiliates, insurers, predecessors, successors and assigns) from any and all claims, lawsuits, demands, actions, causes of action or claims for relief, rights, damages, liabilities, costs, attorney's fees, expenses and compensation whatsoever relating to AER's operation, known and unknown, foreseen and unforeseen, which previously existed or now exist.

Commencement of AER's Operations with heavy equipment is estimated to begin First Quarter of year 2014 prior to crop planting. Owner acknowledges that it has been given notice by AER of its proposed Operations at least thirty (30) days [or if the well is to be drilled on irrigated crop lands between March 1 and October 31 at least 14 days] prior to AER's estimated commencement date or hereby waives such thirty (30) day, or fourteen (14) day, requirement. Provided herewith is a brochure from the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203, which describes the rights and responsibilities of Owner as the surface owner. The brochure includes an on-site inspection form to be used should AER and Owner be unable to reach an agreement.

As of the date of this agreement, the land use of the proposed well location and the lands contiguous thereto is Irrigated. It is anticipated the future use of the lands contiguous to the proposed well location will be:

Same as current use ( Irrigated )

Reforestation

Recreational

Wild life habitat

Owner acknowledges that it has consulted with AER as to the location of roads and the necessary production facilities, including flowlines, product pipelines and tanks and the location

and size of the wellsite for the above described well, or hereby waives such consultation requirements. Owner also acknowledges that Owner had an opportunity to comment to AER regarding preferences for the timing of the Operations and preferred locations for the Well and associated facilities. Owner has requested that all consultations be conducted directly with Owner.

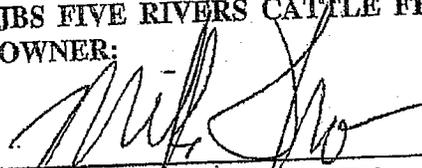
AER hereby remises, releases, acquits and forever discharges owner and heirs from any and every action, cause of action, suit, claim, and damage against owner and heirs arising out of, incident to, or in connection with access to, or operations of the well and related production facilities.

In the event of any violation or threatened violations of any of the provisions of this instrument, the non-defaulting party shall be entitled forthwith to full and adequate relief by injunction and/or any other available legal and equitable remedies; and the damages and costs of any such violation and all costs and expenses of any suit or proceeding (including reasonable attorneys' fees) shall be paid by the defaulting party.

This Agreement shall extend to and bind Owner, AER, and their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on the same date as shown above.

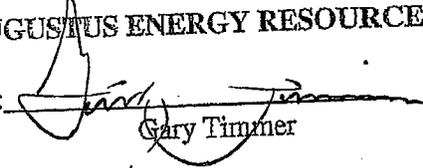
**JBS FIVE RIVERS CATTLE FEEDING, LLC**  
OWNER:

  
Mike Thoren, President and CEO

Address: 1770 Promontory Circle, Greeley, CO 80634-9039

Telephone #: 970-475-6676

**AUGUSTUS ENERGY RESOURCES LLC**

By:   
Gary Timmer

## ADDENDUM

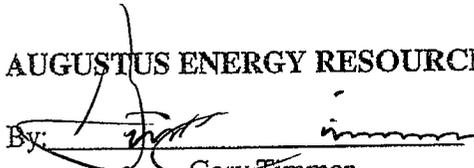
AER agrees to comply with all applicable rules, regulations, laws and orders issued or promulgated by any court or governmental agency having jurisdiction over oil and gas operations within the State of Colorado.

It is further agreed between AER and Owner that upon completion of the subject well herein, AER shall use its best efforts to restore the premises to the original contour. Such restoration shall return the subject property to such a condition that it may be farmed in the same manner as it was farmed prior to entry. AER shall also use its best efforts to complete all restoration operations within three (3) months of the completion of said well. In the event adverse weather conditions are present which would delay restoration operations, AER shall fence the effected area and complete the reclamation as soon as conditions allow.

JBS FIVE RIVERS CATTLE FEEDING, LLC  
OWNER:

  
\_\_\_\_\_  
Mike Thoren, President and CEO

AUGUSTUS ENERGY RESOURCES LLC

By:   
\_\_\_\_\_  
Gary Timmer